CHINABANK
www.chinabank.ph Since 1920

19 May 2020

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department
6F PSE Tower One Bonifacio High Street
28th Street corner 5th Avenue, Bonifacio Global City
Taguig City

ATTENTION: **MS. JANET A. ENCARNACION**
Head – Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
Phlippine Dealing System Holdings Corp. & Subsidiaries
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City
Telephone Number: 8884-4446

ATTENTION: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosure Department

Mesdames:

We are pleased to furnish your good office with a copy of our SEC 20 Information Statement Definitive (pursuant to section 20 of the Securities Regulation Code) filed with the Securities and Exchange Commission (SEC).

For your information and guidance.

Thank you.

Respectfully yours,

ALEXANDER C. ESCUCHA
Corporate Information Officer

CHINABANK
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May 19, 2020

VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department
Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Director Felizmenio:

We are submitting herewith our updated Definitive Information Statement and Management Report.

Please note that we have reflected the details of the 2020 Annual Meeting of Stockholders to be conducted via remote communication, in accordance with the Commission's Notice issued on April 20, 2020. Further, we have incorporated in the Management Discussion and Analysis or Plan of Operation in Annex D a discussion of the Bank's financial condition, changes in financial condition and results of operations for the quarter ended March 31, 2020. We have also added our March 31, 2020 SEC 17-Q Report in Annex F. The updates made, including changes in officers and stockholdings as of latest practicable date, are underlined for your ready reference.

We hope you find everything in order.

Thank you.

Very truly yours,

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

CHINA BANKING CORPORATION
8745 Paseo de Roxas corner Villar Street, Makati City, 1226 Philippines
Trunkline (*Head Office*): (632) 888-55-555 **Contact Center:** (632) 888-55-888, 1800-1888-5-888 (*Domestic Toll-Free*)
Website: www.chinabank.ph **Email Address:** online@chinabank.ph

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SEC Registration Number

C H I N A   B A N K I N G   C O R P O R A T I O N

(Company's Full Name)

1 1 F   C H I N A B A N K   B L D G   8 7 4 5   P A S E O

D E   R O X A S   C O R   V I L L A R   S T   M A K A T I

(Business Address: No., Street City/ Town / Province)

ATTY. LEILANI B. ELARMO

Contact Person

885-5145

Company Telephone Number

Definitive Information Statement

Month	Day	FORM TYPE	Month	Day
0 5	**1 9**	**2 0 - I S**	**0 5**	**0 2**

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

1,894

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be notified that pursuant to Article III, Section 2 of the Amended By-Laws of China Banking Corporation (China Bank), the annual meeting of stockholders will be conducted virtually via https://www.chinabank.ph/asm2020 on June 18, 2020, Thursday, at 4:00 P.M., for the following purposes:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of Annual Meeting of Stockholders on May 2, 2019
5. Annual Report to Stockholders
6. Approval of the Audited Financial Statements for the year ended December 31, 2019
7. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2019, including the ratification of related party transactions
8. Election of Directors
9. Appointment of External Auditor
10. Amendment of By-Laws
11. Other Matters
12. Adjournment

Stockholders of record as of June 2, 2020 shall be entitled to notice of and vote at the meeting. The stock and transfer books of China Bank will be closed from June 3 to 18, 2020.

Because of the present situation, stockholders may only attend the meeting by remote communication or by appointing the Chairman of the meeting as their proxy. There will be audio and video recordings of the meeting.

Stockholders intending to participate by remote communication should notify the Bank by sending an e-mail to OCSSTOCKS@chinabank.ph on or before June 11, 2020. Stockholders may cast their votes through an online voting system. The procedures for registration and verification, online voting, and participation in the meeting through remote communication can be accessed through the China Bank's website, www.chinabank.ph.

Stockholders intending to participate by appointing the Chairman of the meeting as their proxy should submit their proxies to the Office of the Corporate Secretary at the 11th Floor China Bank Building, 8745 Paseo de Roxas corner Villar St., Makati City, by e-mail (OCSSTOCKS@chinabank.ph) or by fax ([+632]888-55135) not later than June 11, 2020, 5:00 P.M.

Makati City, May 18, 2020.

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

*For the explanation of each agenda item, please refer to the attached Annex "A".

Annex "A"

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**
Chairman Hans T. Sy will welcome the stockholders and guests and formally begin the 2020 annual meeting of stockholders of China Bank.

2. **Proof of Notice of Meeting**
Atty. Corazon I. Morando, Corporate Secretary, will certify the date the notice of meeting with the information statement was posted in the Bank's website and PSE Edge and sent to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), in accordance with the China Bank by-laws and the SEC and PSE rules and regulations, and the date such notice was published in two newspapers of general circulation.

3. **Certification of Quorum**
Atty. Morando will certify the existence of quorum. A meeting where the stockholders holding a majority of the outstanding capital stock of China Bank are present either by proxy, through remote communication or *in absentia* shall constitute a quorum and be competent to transact business.

   Stockholders intending to participate by remote communication should notify the Bank by sending an e-mail to OCSSTOCKS@chinabank.ph on or before June 11, 2020. Stockholders may cast their votes through an online voting system. The procedures for registration and verification, online voting, and participation in the meeting through remote communication can be accessed through the China Bank's website, www.chinabank.ph.

4. **Approval of the Minutes of Annual Meeting of Stockholders on May 2, 2019**
Stockholders will be asked to approve the minutes of the stockholders' meeting held on May 2, 2019, which contain, among others, the annual report to stockholders and approval of financial statements, ratification of all acts of the Board of Directors, Executive Committee, other committees and Management, during the fiscal year 2018 and immediately preceding the meeting, election of the Board of Directors, appointment of external auditor, delegation to the Board of Directors of power to amend by-laws, and announcement of the declaration of cash dividends. The minutes may be accessed through the China Bank's website.

5. **Annual Report to Stockholders**
Stockholders will be provided information about the Bank's activities, business and financial performance, and other relevant data for the year 2019. A copy of the annual report is posted in the Bank's website.

6. **Approval of the Audited Financial Statements for the year ended December 31, 2019**
Stockholders will be provided information about the financial position, performance and changes in the financial position of the Bank. The financial statements are included in the Information Statement posted in the Bank's website.

7. **Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2019, including the ratification of related party transactions**
All acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2019, including the ratification of related party transactions, will be presented to the stockholders for their approval and ratification.

8. **Election of Directors**
The Chairman of the Nominations Committee and/or Corporate Governance Committee will present the nominees for election as members of the Board of Directors, including the independent

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directors. The list of nominees, with their profiles, are provided in the Information Statement posted in the Bank's website.

9. Appointment of External Auditor
The stockholders will be asked to ratify the selection by the Audit Committee and Board of the auditors of the Bank.

10. Amendment of By-Laws
The Board resolution of March 25, 2020 amending the By-Laws in order to update and clarify processes and practices of the business and comply with the requirements of the Revised Corporation Code of the Philippines and the Bangko Sentral ng Pilipinas' Manual of Regulations for Banks, will be presented to the stockholders for their approval.

11. Other Matters
All matters that arise after the notice, agenda, and information statement have been published may be presented for the consideration of the stockholders. Other businesses as may properly come before the stockholders may also be raised.

12. Adjournment
The Chairman will adjourn the meeting when the scheduled order of business is completed and no further business or matter is considered or raised.

P R O X Y

The undersigned stockholder of **CHINA BANKING CORPORATION** ("China Bank") hereby appoints the Chairman of the meeting, as proxy, to present and vote all shares of stocks registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of China Bank on June 18, 2020, Thursday, and at any of the adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Election of Directors

    ___ Vote for all nominees listed below:

    Hans T. Sy / Harley T. Sy
    Gilbert U. Dee / Jose T. Sio
    William C. Whang / Alberto S. Yao*
    Peter S. Dee / Margarita L. San Juan*
    Joaquin T. Dee / Philip S.L. Tsai*
    Herbert T. Sy
    *Independent

    ___ Withhold authority for all nominees listed above

    ___ Withhold authority to vote for the nominee/s listed below:

    ____________________ ____________________
    ____________________ ____________________
    ____________________ ____________________

2. Approval of Minutes of the May 2, 2019 Annual Meeting of Stockholders

    ___Yes ___No ___Abstain

3. Approval of Annual Report

    ___Yes ___No ___Abstain

4. Approval of audited financial statements for the year ended December 31, 2019

    ___Yes ___No ___Abstain

5. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management, including ratification of related party transactions

    ___Yes ___No ___Abstain

6. Appointment of SyCip Gorres Velayo & Co. as external auditor

    ___Yes ___No ___Abstain

7. Amendment of By-laws

    ___Yes ___No ___Abstain

8. Such other matters as may properly come before the meeting

    ___Yes ___No ___Abstain

This proxy should be received by the Corporate Secretary on or before June 11, 2020, the deadline for submission of proxies.

This proxy shall continue until such time as the same is withdrawn by the stockholder through notice in writing, or superseded by subsequent proxy, delivered to the Secretary at least three (3) business days before any scheduled meeting, but shall not apply in instances where the stockholder personally attends the meeting in person and expresses his/her intention to vote in person. No proxy shall be valid and be effective beyond five (5) years from date hereof.

This proxy is not required to be notarized, and when properly executed, will be voted in the manner as directed herein. If no direction is made, this proxy will be voted "for" the election of all nominees and "for" the approval of the matters stated above and "for" such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by Management or the Board of Directors.

SIGNED IN THE PRESENCE OF:

____

____

____
Signature of Stockholder/ Authorized Signatory

____
Printed Name of Stockholder

____
Date

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

[ ] Preliminary Information Statement
[✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **China Banking Corporation**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **443**

5. BIR Tax Identification Code: **000-444-210-000**

6. Address of principal office: **China Bank Bldg., 8745 Paseo de Roxas cor. Villar St., Makati City** Postal Code: **1226**

7. Registrant"s telephone number, including area code: **(632) 888-55555**

8. Date, time and place of the meeting of security holders:

Date: **June 18, 2020**
Time: **4:00 p.m.**
Place: **virtually via** https://www.chinabank.ph/asm2020

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 20, 2020 (posted in the Bank's website and PSE Edge)**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares Outstanding
Common	2,685,899,812

11. Are any or all of registrant"s securities listed in a Stock Exchange? Yes [✓] No [ ]

The above common shares are listed in the Philippine Stock Exchange.

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders

Date : June 18, 2020
Time : 4:00 P.M.
Place : virtually via https://www.chinabank.ph/asm2020

Mailing address of principal office: China Bank Bldg., 8745 Paseo de Roxas cor. Villar St., Makati City

Approximate date on which copies of the Information Statement are first to be sent or given to security holders : **May 20, 2020 (posted in the Bank's website and PSE Edge)**

We are not asking you for a proxy and you are requested not to send us a proxy.

2. Dissenter's Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his shares in any of the following instances under Section 80 of the Revised Corporation Code of the Philippines (Republic Act No. 11232): (a) in case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (c) in case of merger or consolidation; and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

There are no matters or proposed corporate actions included in the agenda of the meeting which may give rise to the exercise by a security holder of the right of appraisal.

Should any proposed corporate action be passed upon at the meeting which may give rise to the right of appraisal, any stockholder who votes against the proposed corporate action may avail himself of the right of appraisal by making a written demand on the Bank for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. In order to perfect such right, the stockholder shall follow the procedures as described under Sections 81 to 85 of the Revised Corporation Code.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer, nominee for election as director, or any associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon as contained in the agenda of the meeting other than election to office.

No director has informed the Bank in writing that he intends to oppose any action to be taken as contained in the agenda of the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities: 2,685,899,812 common shares entitled to vote as of March 31, 2020

(b) Record Date: Stockholders of record as of June 2, 2020 are entitled to notice of and vote at the meeting

(c) Nomination and Election of Directors and Independent Directors and Manner of Voting:

In accordance with Sections 22 and 26 of the Revised Corporation Code, Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, and its Amended Implementing Rules and

Regulations of the Securities Regulation Code, and Sections 131, 132, and 138 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to the Office of the Corporate Secretary on or before March 3, 2020 and thereafter referred to the Committee for evaluation and action. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the Bank multiplied by the whole number of directors to be elected.

In accordance with Sections 23 and 57 of the Revised Corporation Code, a stockholder is allowed to vote through remote communication or *in absentia*. On March 25, 2020, the Board of Directors approved the amendment of the Bank's By-laws which allows the voting through remote communication or *in absentia*. On May 18, 2020, the Board of Directors approved to to allow the conduct of the Annual Stockholders' Meeting on June 4, 2020 and participation therein by the stockholders via remote communication or *in absentia*, in accordance with the Securities and Exchange Commission's (SEC) Memorandum Circular No. 6, Series of 2020. The procedures for registration and verification, online voting, and participation in the meeting through remote communication can be accessed through the China Bank's website, www.chinabank.ph.

Item D.19 of the Information Statement further discusses the voting and tabulation procedures of the Bank.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(i) Record and beneficial owners holding 5% or more of voting securities as of March 31, 2020:

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common	PCD Nominee Corporation * 37th Floor Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City Stockholder	Various stockholders/clients	Non-Filipino	716,169,852	26.66%
Common	PCD Nominee Corporation * 37th Floor Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City Stockholder	Various stockholders/clients	Filipino	564,170,416	21.00%
Common	SM Investments Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family PCD Nominee Corporation Stockholders	Filipino	463,922,761	17.27%
Common	Sysmart Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family Sycamore Pacific Corporation Stockholders	Filipino	415,995,323	15.49%

***** Based on the list provided by the Philippine Depository & Trust Corporation to the Bank's transfer agent, Stock Transfer Service, Inc., as of March 31, 2020, The Hongkong and Shanghai Banking Corporation Limited (396,732,386 shares or 14.77%) and BDO Securities Corporation (186,924,771 shares or 6.96%) hold 5% or more of the Bank"s securities. The beneficial owners, such as the clients of PCD Nominee Corporation, have the power to decide how their shares are to be voted.

Mr. Henry Sy Sr.'s (+) family is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation and, as such, could direct the voting or disposition of the shares of said companies.

Except as stated above, the Bank has no knowledge of any person holding more than 5% of the Bank's outstanding shares under a voting trust or similar agreement. The Bank is likewise not aware of any arrangement which may result in a change in control of the Bank, or of any additional shares which the above-listed beneficial or record owners have the right to acquire within thirty (30) days, from options, warrants, rights, conversion privilege or similar obligation, or otherwise.

(ii) Directors and Management as of March 31, 2020:

	Title of Class	Name	Position	Citizenship	Amount & Nature of Beneficial / Record Ownership	Percentage
(a)	Directors					
	Common	Hans T. Sy	Chairman of the Board	Filipino	4,226,761	0.157%
	Common	Gilbert U. Dee	Vice Chairman	Filipino	12,832,906	0.478%
	Common	William C. Whang	Director and President	Filipino	17,518	0.001%
	Common	Peter S. Dee	Director	Filipino	301,305	0.011%
	Common	Joaquin T. Dee	Director	Filipino	51,686,912	1.924%
	Common	Herbert T. Sy	Director	Filipino	578,730	0.022%
	Common	Harley T. Sy	Director	Filipino	740,553	0.028%
	Common	Jose T. Sio	Director	Filipino	3,517	0.000%
	Common	Alberto S. Yao	Independent Director	Filipino	548,876	0.020%
	Common	Margarita L. San Juan	Independent Director	Filipino	95,238	0.004%
	Common	Philip S.L. Tsai	Independent Director	Filipino	2,000	0.000%
	Common	Angeline Ann H. Hwang+	Independent Director	Filipino	100	0.000%
				Total	71,034,416	2.645%
(b)						
	Common	Rosemarie C. Gan	Executive Vice President	Filipino	130,032	0.005%
	Common	Patrick D. Cheng	Executive Vice President & CFO	Filipino	617,756	0.023%
	Common	Alexander C. Escucha	Senior Vice President	Filipino	83,886	0.003%
	Common	Benedict L. Chan	First Vice President II	Filipino	15,678	0.001%
	Common	Renato K. De Borja, Jr.	First Vice President II	Filipino	20,169	0.001%
	Common	Gerard T. Dee	First Vice President II	Filipino	277,864	0.010%
	Common	Shirley G.K.T. Tan	First Vice President II	Filipino	12,863	0.000%
	Common	Delia Marquez	First Vice President II	Filipino	23,560	0.001%
	Common	Lilibeth R. Cariño	First Vice President	Filipino	4,167	0.000%
	Common	Angela D. Cruz	First Vice President	Filipino	1,639,876	0.061%
	Common	Elizabeth C. Say	First Vice President	Filipino	3,433	0.000%
	Common	Maria Rosanna Catherina L. Testa	First Vice President	Filipino	6,340	0.000%
	Common	Stephen Y. Tan	First Vice President	Filipino	2,746	0.000%
	Common	Marisol M. Teodoro	First Vice President	Filipino	21,323	0.001%
	Common	Layne Y. Arpon	First Vice President	Filipino	10,732	0.000%
	Common	Belenette C. Tan	First Vice President	Filipino	5,008	0.000%
	Common	Manuel M. Te	First Vice President	Filipino	3,199	0.000%
	Common	Clara C. Sy	First Vice President	Filipino	1,799,804	0.067%
				Total	4,678,436	0.174%
				GRAND TOTAL	75,712,852	2.819%

+ Director Hwang passed away on April 11, 2020.

5. Directors and Principal Officers

(a) Incumbent Directors and Advisor

Hans T. Sy, 64, Filipino, is the Chairman of the Board since May 5, 2011. He became a member of the China Bank Board on May 21, 1986, and was elected Vice Chairman in 1989. Chairman Sy also serves as Director and Chairman of the Executive Committee in SM Prime Holdings, Inc (SMPH) and Adviser to the Board of SM Investments Corporation (SMIC); SMPH and SMIC are both listed on the Philippine Stock Exchange (PSE). He is also the Chairman of the Board of Trustees of National University. He holds other key positions in several companies within the SM Group. He graduated from De la Salle University with a Bachelor of Science degree in Mechanical Engineering. He attends and participates in various trainings and seminars, the latest of which is on Anti-Money Laundering (AML) and corporate governance conducted by the Institute of Corporate Directors (ICD) in August 2019.

Gilbert U. Dee, 84, Filipino, is the Vice Chairman of the Board since May 5, 2011. He has been a member of the China Bank Board since March 6, 1969, serving as Board Chairman from 1989 to 2011. He currently sits in the boards of other companies not listed in the PSE, namely, as Chairman of Union Motor Corporation and China Bank subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI). In the past, he was a director in Philippine Pacific Capital Corporation, Philex Mining Corporation, CBC Finance Corporation, and Super Industrial Corporation. Vice Chairman Dee holds a Bachelor of Science degree in Banking from the De La Salle University and a Master"s in Business Administration (MBA) degree in Finance from the University of Southern California. Among the numerous trainings in banking he has attended over the years are ICD"s Advanced Corporate Governance Training and AML Modules in 2019.

William C. Whang, 61, Filipino, is Director and President of the Bank since November 1, 2017. Aside from China Bank, he does not hold any directorship position in any other PSE-listed company. He also sits in the boards of Bank subsidiaries China Bank Savings, Inc. (CBSI), China Bank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, China Bank Capital Corporation (CBCC), and China Bank Securities Corporation (CBSC), and is actively involved in the boards of BancNet, Inc., Banker"s Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). He has almost 40 years of banking experience, previously holding key positions in local and international financial institutions, including Metrobank, Republic National Bank of New York, International Exchange Bank, Security Bank, and Sterling Bank of Asia. Director and President Whang earned his Bachelor of Science degree in Commerce, Major in Business Management, from the De La Salle University. He underwent various trainings in banking and other related fields such as corporate governance, AML, branch based marketing, quality service management, sales management, principle centered leadership, and corporate strategy.

Peter S. Dee, 78, Filipino, has been on the China Bank Board since April 14, 1977, serving as President and Chief Executive Officer from 1985 to 2014. He is an independent director in PSE-listed companies City & Land Developers, Inc. and Cityland Development Corporation. He is also a member of the boards of other non-listed companies including China Bank subsidiary CBC-PCCI, Hydee Management & Resources Corporation, Commonwealth Foods, Inc., and GDSK Development Corporation. He was previously a director of Sinclair (Phils.) Inc., Can Lacquer, Inc., CBC Forex Corporation, and CBC-IBI. Director Dee obtained a Bachelor of Science degree, Major in Commerce, from the De La Salle University/University of the East, and attended a Special Banking Course at the American Institute of Banking. He attended extensive trainings in AML in December 2017 and August 2019, and corporate governance in November 2018 and August 2019, among others.

Joaquin T. Dee, 84, Filipino, is a member of the China Bank Board since May 10, 1984. He does not hold directorship position in any PSE-listed company other than China Bank. He is presently the Director/Chairman of JJACCIS Development Corporation, Director/President of Enterprise Realty Corporation, and Director/Treasurer of Suntree Holdings Corporation. He was Vice President for Sales and Administration of Wellington Flour Mills from 1964 to 1994. Director Dee is a graduate of the Letran College with a Bachelor of Science degree in Commerce. He attended trainings and seminars related to banking, the most recent of which are the Corporate Governance and AML Trainings conducted by the ICD in August 2019.

Herbert T. Sy, 63, Filipino, was first elected to the China Bank Board on January 7, 1993. He also serves in PSE-listed SM Prime Holdings, Inc. as Director, and in various non-listed companies including Supervalue, Inc., Super Shopping Market, Inc., Sondrik, Inc., and Sanford Marketing Corp. as Chairman, and in the National University as Director. He has been involved in companies engaged in food retailing, investment, real estate development andmall operations. Director Sy obtained his Bachelor of Science degree in Management from the De La Salle University. His numerous banking-related trainings include those on corporate governance and AML in 2019.

Harley T. Sy, 60, Filipino, has been a member of the China Bank Board since May 24, 2001. He also serves as the Executive Director of SM Investments Corporation, one of the largest publicly listed companies in the Philippines, and holds various positions in other non-listed companies in the SM group. Director Sy graduated with a Bachelor of Science degree in Commerce, Major in Finance, from the De La Salle University. He participated in extensive trainings on enhancing his banking skills, including programs on enterprise risk management, AML, corporate governance and data privacy.

Jose T. Sio, 80, Filipino, was first elected to the China Bank Board on November 7, 2007. He is presently in the boards of the following PSE-listed companies: (1) SM Investments Corporation, as Chairman of the Board; (2) Atlas Consolidated Mining and Development Corporation, as Director; (3) Belle Corporation, as Director; and (4) Far Eastern University, Incorporated, as Independent Director. He also serves in other capacities in the following PSE-listed companies: SM Prime Holdings, Inc., as Adviser of Audit Committee/Risk Oversight Committee; BDO Unibank, Inc., as Adviser to the Board; and Premium Leisure Corporation, as Adviser to the Board. In addition, Mr. Sio is in the boards of non-listed companies, including NLEX Corporation, First Asia Realty Development Corporation, and Ortigas Land Corporation. He is the Chairman and President of SM Foundation, Inc. He previously worked as Senior Partner of SyCip Gorres Velayo & Co. (SGV). He was voted as CFO of the Year in 2009 by the Financial Executives of the Philippines (FINEX); and in various years, he was awarded as Best CFO (Philippines) by Hong Kong-based business publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. Director Sio is a Certified Public Accountant, graduating with a Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Agustin. He obtained his Master‟s degree in Business Administration from the New York University, U.S.A. He is actively engaged in continuous trainings, having attended seminars/trainings on investments, loans and financial instruments, debt and equity financing during the Euromoney Conference in China in 2005, AML and Advanced Corporate Governance in 2019.

Alberto S. Yao, 73, Filipino, is the Lead Independent Director of the Bank. He was elected to the China Bank Board on July 7, 2004. He does not serve in any listed PSE-listed company other than China Bank. He is the President & CEO of Richwell Philippines, Inc. and Internationale Globale Marques, Inc.; President of Richphil House Incorporated; and a Member of` the Philippine Constitution Association. He is also an Independent Director in the following Bank subsidiaries: CBSI, CBCC, and CBSC. He was previously a Director of Planters Development Bank, President and CEO of Richwell Trading Corporation and Europlay Distributor Co., Inc., President of Megarich Property Ventures Corporation, and Vice President for Merchandising of Zenco Sales, Inc. He holds a Bachelor of Science degree in Business Administration, Minor in Accounting, from the Mapua Institute of Technology. Director Yao‟s seminars include ICD‟s Corporate Governance and AML Training Programs in 2019.

Margarita L. San Juan, 66, Filipino, is an Independent Director of the Bank. She was first elected to the China Bank Board on May 4, 2017. She is likewise an Independent Director in Bank subsidiaries CBSI, CBCC, and CBC-IBI. She does not hold directorship position in any other PSE-listed company. In the past, she worked with Ayala Investment and Development Corporation, Commercial Bank and Trust Co., and in the Bank‟s Account Management Group as Senior Vice President and Group Head until her retirement in 2012. Director San Juan earned her Bachelor of Science degree in Business Administration, Major in Financial Management, from the University of the Philippines, and completed the Advance Bank Management Program of the Asian Institute of Management (AIM). She participated in various trainings including development financing, international banking operations, marketing, financial analysis and control, credit and risk management, and the latest on AML and corporate governance in 2019.

Philip S.L. Tsai, 69, Filipino, was first elected as Independent Director on November 7, 2018. Aside from the Bank, he does not hold any position in other PSE-listed companies. He also serves as Independent Director in the Bank subsidiaries CBSI, CBCC, CBC-IBI. He has had more than 35 years of banking experience, previously holding key positions in First CBC Capital (Asia) Limited, Midwest Medical Management, Fortune Paper Inc., Chemical Bank New York, Consolidated Can Corp., Plastic Container Packaging, and in the Bank‟s Retail Banking Business until his retirement in 2015. Director Tsai obtained his Bachelor of Science degree in Business Administration from the University of the Philippines, and pursued his Master‟s degree in Business Administration from the Roosevelt University in Chicago, Illinois. He has had several trainings on corporate governance, bank protection, AML, and branch-based marketing, among others.

Angeline Ann H. Hwang [+], 69, Filipino, was elected as independent director of the Bank in 2019. She does not hold directorship position in any other PSE-listed company. She is currently the President of Wingsan Properties Corporation and Oxleyrise Properties Inc., which are both private family-owned corporations. She is also independent director of Bank subsidiaries CBSI and CBSC. She has more than 45 years of experience in Philippine banking, ranging from international trade finance to account management/relationship management for SME and middle market segments as well as branch banking, branch administration and branch expansion. In the past, she held various positions in Philippine Business Bank, Solidbank Corporation, Far East Bank & Trust Company and Bank of the Philippine Islands. Director Hwang earned her Bachelor of Science degree in Business Administration, Major in Banking and Finance, from the University of the Philippines. She has had various trainings on International Financing Reporting Standards (IFRS), financing, related party transactions, data privacy, SME, credit risk management, AML and corporate governance.

Ricardo R. Chua, 68, Filipino, is Advisor to the Board since November 1, 2017. He previously held several key positions in the Bank: as Director from 2008 up to October 2017, President and Chief Executive Officer from September 2014 up to October 2017, and Chief Operating Officer from 2012 to 2014. He is the Advisor of the Bank‟s Technology Steering Committee, and sits in the boards of the following Bank subsidiaries: Chairman of CBSI and CBCC and Director of CBC-PCCI. A Certified Public Accountant, Mr. Chua graduated with a Bachelor of Science degree in Business Administration, Major in Accounting, *cum laude*, from the University of the East, and completed his Master‟s in Business Management (MBM) from the AIM. He has had trainings in banking operations and corporate directorship, and attended AML and corporate governance seminars, among others.

Note: Messrs. Gilbert U. Dee and Peter S. Dee are related within the fifth civil degree of consanguinity. Messrs. Hans T. Sy, Herbert T. Sy, and Harley T. Sy are related within the second civil degree of consanguinity.

For the period January to December 2019, the Board had 16 meetings, including the organizational meeting. The incumbent directors attended/participated in more than 50% of all the meetings, as follows:

Director	Attendance
Hans T. Sy	15
Gilbert U. Dee	16
William C. Whang	16
Peter S. Dee	16
Joaquin T. Dee	16
Herbert T. Sy	14
Harley T. Sy	16
Alberto S. Yao	15
Jose T. Sio	16
Margarita L. San Juan	16
Philip S.L. Tsai	16
Angeline Ann H. Hwang[+]	9[(a)]

[(a)] from her election effective May 2, 2019
[+] Director Hwang passed away on April 11, 2020

(b) Corporate Officers

Romeo D. Uyan, Jr., 57, Filipino, Executive Vice President, is the Chief Operating Officer of the Bank. He also serves as Vice Chairman in the Boards of Bank subsidiaries China Bank Capital Corporation (CBCC) and China Bank Securities Corporation (CBSC). He was an investment banker with more than two decades of experience in trading, financing, and structuring in the Asia Pacific region with various foreign investment houses. Before he joined the Bank, Mr. Uyan was Managing Director and Co-Head of Special Situations and Leveraged Capital Markets at UBS AG-Singapore Branch, and he also worked as Managing Director and Head of Asia Credit Products in Barclays Capital, where he was member of the Asia Pacific Executive Committee as well as Global Emerging Markets Committee. He graduated with a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University, c*um laude*, and obtained his Master‟s degree in Business Administration (MBA), graduating with distinction, at the Johnson Graduate School of Management in Cornell University, New York. He participated in numerous trainings in banking, including anti-money laundering (AML) and corporate governance trainings held in 2019.

Patrick D. Cheng, 57, Filipino, Executive Vice President, is the Chief Finance Officer of the Bank. He also sits in the boards of Bank subsidiaries - in China Bank Insurance Brokers, Inc. (CBC-IBI) as Chairman, and in CBSI as Director, and in Manulife Chinabank Life Assurance Corporation (a bank affiliate) as Director. He is also Director of Manila Overseas Commercial Inc. and SR Holdings Corporation. Before joining the Bank, he held various key positions at the Philippine Bank of Communications, HSBC Savings Bank (Philippines), HSBC (Philippine Branch), Citibank N.A. (Philippine Branch), and Citicenter Condominium Corp. From 2008 to 2013, he was the President and Chief Executive Officer of HSBC Savings Bank (Philippines), and from 2011 to 2012, he was a two-term President of the Chamber of Thrift Banks. A Certified Public Accountant placing 7th in the National Exams, Mr. Cheng graduated *magna cum laude* from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. He pursued his Master‟s in Management degree, with Distinction, from the Hult International Business School in Cambridge, Massachusetts, and completed the Trust Operations and Investment Management course, also with Distinction, from the Trust Institute of the Philippines. In 2010, he received the Distinguished Alumnus Award from the Virata School of Business of the University of the Philippines – Diliman. His extensive trainings include corporate governance, AML, asset liability management, operational risk, and information security.

Christopher Ma. Carmelo Y. Salazar, 46, Filipino, First Vice President II, is the Treasurer and Treasury Group Head. He has gained around 25 years of financial markets experience held various senior roles from different institutions including ING Bank-Manila, Standard Chartered – Manila, Thailand, and U.A.E., Landbank of the Philippines and First Metro Investment Corporation. He is a graduate of Bachelor of Science in Management Engineering from the Ateneo de Manila University. He took up the Treasury Certification Program of the Ateneo-BAP. He participated in numerous trainings and seminars including corporate governance, AML, operational risk, information security, data privacy, bank marketing management, risk management, and leadership.

Corazon I. Morando, Filipino, is the Vice President and Corporate Secretary of the Bank. She is also a Consultant on Legal and Corporate Affairs of the SM Group. She is a recipient of "Asian Company Secretary of the Year" award by the Corporate Governance Asia in Hongkong, recognizing her vital role in promoting and upholding corporate governance in the Bank. Atty. Morando was previously a Director of the Corporate Legal Department of the Securities and Exchange Commission of the Philippines. She took up her Bachelor of Laws from the University of the Philippines, and obtained her graduate studies under the MBA-Senior Executive Program from the Ateneo de Manila University. She is continuously involved in the development of her competence. She attended numerous trainings which include seminars on non-bank financial intermediaries, and the most recent on AML and corporate governance in 2019, among others.

Aileen Paulette S. De Jesus, Filipino, Vice President, is the Chief Compliance Officer of the Bank. She is also currently the Corporate Secretary of Eco-Savers International, Inc. A CPA-Lawyer by profession, Atty. De Jesus has over 30 years of extensive experience in audit, corporate taxation, legal and compliance, having previously handled the positions of audit examiner, tax associate, general counsel, and chief compliance officer in various companies including SGV & Co., Fareast Bank & Trust Co., International Exchange Bank, Metrobank Card Corporation, Sterling Bank of Asia, Filinvest Group of Companies, Sumitomo Mitsui Banking Group, and Philippine Veterans Bank. She obtained her Bachelor of Science degree in Business Administration, Major in Accounting, from the University of the Philippines, and went on to take up her law degree from the Graduate School of Law of San Sebastian College Recoletos. She regularly participates in seminars and trainings related to banking, legal, compliance and governance, such as on data privacy, anti-money laundering, legal liabilities and proceedings affecting banks, performance management, and corporate governance.

(c) Principal Officers

Rosemarie C. Gan, 62, Filipino, Executive Vice President, is the Segment Head of Retail Banking Business (RBB). She also serves as Director in the Bank subsidiaries China Bank Savings, Inc. (CBSI) and CBC Properties and Computer Center, Inc. (CBC-PCCI). With more than 40 years of experience with the Bank, her exposure and training in banking include marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. Ms. Gan obtained her Bachelor of Science degree in Business Administration, Major in Management, from the University of Santo Tomas, where she graduated *magna cum laude* and received the distinguished Rector„s Award. She attended the Asian Institute of Management‟s (AIM) Advanced Bank Management Program in 2013. She also attended the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, and

Corporate Governance workshops/seminars conducted by the Institute of Corporate Directors (ICD) from 2014 to 2019, and AMLA seminar conducted by ICD in 2019, among others.

Alexander C. Escucha, 63, Filipino, Senior Vice President, is the Head of the Investor and Corporate Relations Group. He also serves as a Director in Bank subsidiary CBSI and Chairman of the UP Visayas Foundation, Inc. Board of Trustees. He is a fellow of the Foundation for Economic Freedom (FEF) and a member of the Shareholders Association of the Philippines (SharePhil). In the past, he was the president of the Philippine Economic Society (PES) and concurrent Chairman of the Federation of ASEAN Economic Associations (FAEA), and president of the Corporate Planning Society of the Philippines (CPSP) and Bank Marketing Association of the Philippines (BMAP). As an international resource person, he chaired the Technology Conferences at the Asian Banker Summit from 2006 to 2016 and chaired its Technology awards from 2007 to 2011. He was Vice President of International Corporate Bank (InterBank) before joining the Bank. Mr. Escucha earned his Bachelor of Arts degree in Economics, *cum laude*, from the University of the Philippines and was the G.P. Sicat awardee for Most Outstanding Undergraduate Thesis. Over the years, he attended seminars such as the BSP/IFC Sustainable Finance Forum, Moody"s ASEAN Briefing, the CFA Society Training on ETHICS, the SEC-PSE Corporate Governance Summit, Microsoft CEO Forum, Investment Conferences of CFA Society Philippines and The Asset, GRI Sustainability Summit, the Annual conventions of the PES and FAEA, BSP Financial Education Forum and Expo and the UN ARISE Disaster Resilience Summit.

Magnolia Luisa N. Palanca, 50, Filipino, Senior Vice President, is the Head of Financial Markets Segment. She has around 30 years of banking experience, having worked with several financial institutions before joining the Bank, such as J.P. Morgan (S.E.A. Limited) and J.P. Morgan Chase Bank, N.A., as Executive Director; Standard Chartered Bank Manila as Director; ING Bank NV Manila Branch, Solidbank Corporation and Metropolitan Bank and Trust Company as officer. She obtained her Bachelor of Science degree in Business Economics from the University of the Philippines. She is also an SEC Fixed Income License Salesman, Ateneo-BAP Certified Treasury Professional, and was an Appointed Representative by the Monetary Authority of Singapore. Her trainings and seminars focused on technical, soft and leadership, capital markets and corporate governance.

Manuel C. Tagaza, 57, Filipino, Senior Vice President, is the Head of the Bank's Digital Banking Group effective April 1, 2020. For over 30 years, Mr. Tagaza has handled key positions in companies engaged in banking and technology solutions. Before joining the Bank, he was Senior Vice President at the Bank of the Philippine Islands, Senior Vice President at TIM Corporation, and Vice President at PCI Bank. He currently chairs the Philippine QR Payments Technical Working Group and he is the country representative to the Asean Inter-operable QR Payments Working Group. He graduated with a Bachelor of Science degree in Industrial Engineering from the University of Santo Tomas. He attended Harvard Business Publishing's Leadership Management Course as well as other local and international seminars such as those relating to leadership management, retail payments, and real time payments.

Lilian Yu, 54, Filipino, Senior Vice President, is the Head of Institutional Banking Group. She also currently sits as Director in the boards of Bank subsidiaries CBSC and CBCC. Her more than 30 years of experience in the financial industry spans the areas of credit, project and structured finance, and debt capital markets. Prior to joining the Bank, she was an International Consultant for the Asian Development Bank. She worked for international financial institutions abroad such as Barclays Capital, ABN Amro Bank, Deutsche Bank and the International Finance Corporation (IFC) of the World Bank Group. A Certified Public Accountant (CPA), Ms. Yu holds Bachelor of Science degree in Business Administration and Accountancy, *magna cum laude,* from the University of the Philippines. She obtained her MBA degree from the Wharton School of the University of Pennsylvania. She was also conferred the Certified Financial Analyst (CFA) designation by the CFA Institute.

Benedict L. Chan, 43, Filipino, First Vice President II, is the Bank"s Chief Dealer. He has over 20 years of experience on trading and portfolio management gained from financial institutions including Trinitus Asset Management, BNP Paribas Singapore and London, and ING Bank Singapore, Hongkong, and Manila. Mr. Chan obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He is a recipient of Financial Markets Regulatory and Practice Certificate from the Singapore"s Institute of Banking and Finance. He also successfully passed the Hongkong Securities Paper Exam 1 conducted by the HK FEC (Hongkong).

Ananias S. Cornelio III, 44, Filipino, First Vice President II, is the Chief Risk Officer of the Bank. He has more than 20 years of banking experience, handling risk, treasury or audit functions at the Development Bank of the Philippines, Rizal Commercial Banking Corporation, First Metro Investment Corporation, and Solidbank Corporation. Mr. Cornelio earned his Bachelor of Science degree in Commerce, with academic distinction, from the San Beda

College, and a Master‟s degree in Public Administration, academic scholar, from the National University of Singapore. He also took up the AIM‟s Bank Management Course. He participated in extensive trainings on corporate governance, macro prudential supervision and regulatory change, risk management, Basel Standards, fixed income, credit derivatives and structured products, interest rate and currency derivatives, ISDA documentation, and economic forecasting, among others. He has been a panelist/speaker in major events in the region which include The Asian Banker Summit, ASEAN Risk Forum, Risk Minds Asia, and ADB Regional Forum on Financial Asset and Liability, and a resource person/lecturer for the Bankers Institute of the Philippines (BAIPHIL), and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). He is the Sub-Committee Chairman on Basel Standards Implementation of the Bankers Association of the Philippines.

Renato K. De Borja, Jr., 48, Filipino, First Vice President II, is the Head of the Remittance and Cards Business Group and also oversees the Bank‟s Customer Contact Center. He also serves as member of the Bank‟s Operations Committee. He has exposure to banking and finance for more than 27 years, holding key positions in the past in East West Rural Bank (formerly Green Bank (a Rural Bank)) as non-Executive Director, Chief Finance Officer (CFO) of East West Banking Corporation, Citigroup Business Process Solutions and ROHQ, and Metrobank Card Corporation, various finance and accounting roles in Standard Chartered Bank and Far East Bank and Trust Co. Mr. De Borja is a graduate of Bachelor of Science in Commerce, Major in Accounting, from the University of Santo Tomas. He earned his Global Executive MBA from the IE Business School. He is a Certified Public Accountant (CPA) and BAP Certified Treasury Professional for money markets and foreign exchange. He participated in numerous trainings, seminars and workshops on profitability card management, corporate governance, AML, risk management, and other relevant banking subjects.

Gerard T. Dee, 56, Filipino, First Vice President II, is the Head of Institutional Banking Group – Commercial Banking Division II. Before joining the Bank, he held key positions at Security Bank Corporation, TA Bank of the Philippines, and Banco de Oro. Mr. Dee graduated with a Bachelor of Science degree in Marketing from the De La Salle University and an MBA degree from the New Hampshire College. He attended banking-related trainings on core credit, remedial management and relationship marketing, among others. He is related within the first civil degree of consanguinity to Mr. Gilbert U. Dee, Vice Chairman of the Board.

Antonio Jose S. Dominguez, 52, Filipino, First Vice President II, is the Head of the Multi-Purpose Loans Division. He has more than 30 years‟ experience in the financial industry primarily in the key areas of Sales Management and Business Development. Most of his experience was gained in HSBC Philippines, under its two management training programs that led to holding varioussenior roles in Consumer Loans, Cards, Corporate Banking, Global Custody, Retail Banking and Wealth Management. Prior to joining the Bank, he headed the Sales and Marketing Groups of City Savings Bank and Rosehill Memorial Management, Inc. Earlier in his career, he worked in All Asia Capital and Trust Corporation, All Asia Securities Management Corporation, DMT Securities Inc. and AGJ Securities Corporation. His professional training includes various leadership skills, sales management, performance management, and digital marketing. He is a graduate of Bachelor of Science degree in Commerce, Major in Management, from the Colegio de San Juan de Letran.

Delia Marquez, 58, Filipino, First Vice President II, is the Head of the Centralized Operations Group and concurrent Head of Business Process Management Division. She previously worked as Auditor at SGV & Co. and Transunion Corporation. A Certified Public Accountant, she graduated with a Bachelor of Science degree in Commerce, Major in Accounting, *cum laude*, from the University of Santo Tomas. She attended various seminars on corporate governance, Internal Capital Adequacy Assessment Process (ICAAP), risk model validation, Internal Credit Risk Rating System (ICRRS), Philippine Financial Reporting Standards (PFRS), The Asian Banker‟s Future of Finance Summit 2017, SAS Management, Inc.‟s Intro to Agile Project Management, GGAPP and PWC Phils.‟s Annual GGAPP Forum on Good Governance, Ethics and Compliance, and ICD‟s Corporate Governance Training Program.

Jose L. Osmeña, Jr., 60, Filipino, First Vice President II, is the Deputy Group Head of RBB. He has been with the Bank for more than 28 years and serves as Excom member of Bank subsidiary CBSI. He worked at Insular Bank of Asia and America and at Producers Bank prior to joining China Bank. Mr. Osmeña is a Bachelor of Science degree holder in Commerce, Major in Accounting, from the University of San Carlos, and he earned his Masters of Science degree in Business Administration also from the same university. He also completed the AIM‟s Advance Bank Management Program. He participated in several trainings on export financing, loan documentation, money market, corporate governance, and AML.

Shirley G.K.T. Tan, 64, Filipino, First Vice President II, is the Region Head of RBB - Metro Manila West Region. She spent about 40 years of her professional career with the Bank. A Certified Public Accountant, Ms. Tan holds a

Bachelor of Science degree in Business Administration, Major in Accounting, from the Philippine School of Business Administration in Manila. She had professional trainings and seminars on sales management and leadership skills, among others.

Cristina P. Arceo, 51, Filipino, First Vice President, is the Head of Treasury Fixed Income Division. She has almost 30 years of banking and asset management experience, formerly holding officership positions at Philam Asset Management Inc. and Philippine National Bank. Ms. Arceo obtained her Bachelor of Science degree in Economics from the University of the Philippines and completed her MBA studies from the De La Salle University. She also successfully passed the SEC‟s Fixed Income Salesman Licensing Exam. She attended trainings on strategic systems thinking, foreign exchange, money and capital markets, interest rate swaps and options, market reading, derivatives documentation and portfolio management, among others. She received awards for *"Best in Bond Trading"* from The Asset for six (6) years. She earned her CFA charter in 2011 and was the former Chairman of the Board of Trustees of the CFA Society Philippines (CFAP). She still sits as member of the Board of Trustees of CFAP.

Layne Y. Arpon, 59, Filipino, First Vice President, is the Head of Institutional Banking Group-Corporate Banking Division I. She worked in financial institutions including BDO Unibank, The Manila Banking Corporation, Security Banking Corporation, and Land Bank of the Philippines, with exposure in commercial banking, corporate banking, investment banking, credit review and underwriting, project finance and audit. A Certified Public Accountant (CPA), Ms. Arpon took up Bachelor of Science in Commerce, Major in Accounting, from the Far Eastern University. She attended various trainings on trade finance, core credit, financial analysis, project financing, and credit investigation and property appraisal, among others.

Lilibeth R. Cariño, 63, Filipino, First Vice President, is the Head of Consumer Banking Group. She spent her career with the Bank for over 41 years, and had extensive exposure and training in consumer banking, real estate, corporate planning, treasury, credit, project finance, and branch based marketing, among others. Ms. Cariño took up her Bachelor of Science degree in Statistics from the University of the Philippines, and earned her MBA units from the Ateneo Graduate School of Business. She also participated in the Asian Development Bank‟s seminar on institutional strengthening of financial institution, Allen Management Program‟s Professional Management seminar/workshop, and ICD‟s training programs on corporate governance and AML.

Amelia Caridad C. Castelo, 56, First Vice President, is the Head for Enterprise Business Intelligence Division. With extensive experience in the use of analytics tools and methodologies, quantitative modelling, and data-driven decision management support, she has worked in various banking roles under the Risk, marketing, and Finance groups. She previously worked with Standard Chartered Bank (Phils. and Hongkong), HSBC Manila, East West Banking Corporation, and BDO Unibank and has handled roles related to Risk Analytics, Marketing Analytics, Business Intelligence, Credit Policy and MIS. Ms. Castelo graduated with a Bachelor of Science degree in Statistics from the University of the Philippines – Diliman and took post-graduate units in Industrial Engineering from the same university. She recently completed the Executive Program in Data Science and Analytics from the University of California-Berkeley. She participated in various trainings on Credit Risk and Operational Risk Management, Basel Standard, Risk model development and validation, PFRS, Financial Consumer Protection, and AML.

Melissa F. Corpus, 51, Filipino, First Vice President, is the Credit Management Group Head. She has 31 years of experience in banking and finance, having worked with various financial institutions such as Far East Bank and Trust Co., The Hongkong and Shanghai Banking Corporation, and Citibank, N.A. She has gained a wide span of banking exposure in the areas of credit analysis, credit risk management, relationship management of corporate and financial institutions, loan syndications, project finance, credit policy formulation and documentation management. She was an academic scholar at the Ateneo de Manila University where she graduated with a Bachelor of Science in Management degree. Apart from having engaged in different trainings on credit, risk management, treasury, derivatives, international trade, property appraisal, and various external regulations, she also finished her comprehensive Executive Training Program at the HSBC Group Management Training College in Bricket Wood, United Kingdom.

Angela D. Cruz, 60, Filipino, First Vice President, is the Head of Market Sales Group under the Financial Markets Segment. She also presently serves as Director of Wellington Investment and Manufacturing Corporation and holds key positions in Suntree Holdings Corporation and JJACCIS Development Corporation. Prior to joining the Bank, she held executive positions at Citibank N.A., Far East Bank and Trust Company, and Equitable PCI Bank. Ms. Cruz earned her Bachelor of Science degree in Commerce, Major in Management of Financial Institutions, from the De La Salle University. Her professional trainings related to banking operations include Bourse Game, account management, and customer service. She is related within the first civil degree of consanguinity to Bank Director Joaquin T. Dee.

Maria Luz B. Favis, 59, Filipino, First Vice President, is the Head of Asset Quality and Recovery Management Division. In the past, she held key positions in Philippine Commercial International Bank (PCIBank) and Planters Development Bank with exposure on account management, commercial lending and credit. Her extensive trainings covered loan evaluation and marketing, financial analysis and credit risk management supplemented by seminars on mergers and acquisitions, bank sales and marketing strategies and real estate management. Ms. Favis is a Bachelor of Arts degree holder in Economics from the De La Salle University and obtained her Master‟s degree in Business Management from the AIM.

Madelyn V. Fontanilla, 57, Filipino, First Vice President is the Head of RBB‟s Branch Operations Division. She has more than 25 years of banking experience, with focus on retail banking and branch operations, gained from Equitable PCI Bank and PCI Bank. She is a graduate of Bachelor of Science in Business Administration, Major in Accounting, from the University of the East. She participated in various trainings such as on branch automation, leadership, financial planning, and operations control enhancement, among others.

Jerry Ron T. Hao, 39, Filipino, First Vice President, is the Head of Foreign Exchange and Derivatives Division. Prior to joining the Bank, he gained his professional experience from ING Bank and International Exchange Bank. He graduated with a Bachelor of Science in Management Engineering degree from the Ateneo de Manila University. He is actively involved in several trainings such as on credit derivatives and structured products.

Mary Ann T. Lim, 51, Filipino, First Vice President effective May 1, 2020, is the Head of Trust and Asset Management Group & Trust Officer. She currently serves as Treasurer & Finance Director of The Trust Officers Association of the Philippines (TOAP). She has 30 years of banking experience, having worked with different financial institutions, including Bank of China Ltd., The Hongkong & Shanghai Banking Corporation Ltd, and PCI Bank. She earned her Bachelor of Science degree in Commerce, Major in Accounting, cum laude, from the University of San Carlos. She is a Certified Public Accountant (CPA). She completed the Trust Operations and Investment Management course from the Trust Institute Foundation of the Philippines. She is also a SEC Certified Fixed Income Market Salesman. She has had various trainings in banking and related fields, including those which focused on trust management, estate planning, corporate governance, anti-money laundering, and operational and reputational risks.

Elizabeth C. Say, 61, Filipino, First Vice President, is the Head of the Branches Administration Division of RBB. She has been with the Bank for 32 years. She was an internal auditor at Morrison Forwarding Corporation and a money market trader at State Investment House, Inc. before she joined the Bank. Ms. Say is a graduate of Bachelor of Science in Commerce, Major in Accounting, from the University of Santo Tomas. She participated in trainings on corporate governance, integrated risk management, credit risk management, foreign exchange, loan review and classification and AML, among others.

Clara C. Sy, 60, Filipino, First Vice President, is the Region Head of RBB- Metro Manila East Region. She also holds officership positions in New Golden City Builders & Development Corp. and Citigold Resources & Development Corporation. She has been with the Bank for 38 years handling retail banking and branches administration. A CPA, she holds a Bachelor of Science degree in Commerce, Major in Accounting, from the University of Santo Tomas. She attended several trainings on enhancing managerial skills and branch management.

Belenette C. Tan, 55, Filipino, First Vice President, is the Bank‟s Chief Legal Counsel and Head of Legal and Collections Group. She is also the concurrent Corporate Secretary of Bank subsidiary CBC-IBI. She has been with the Bank for more than 25 years. Atty. Tan previously worked with Yap, Apostol, Gumaru and Balgua Law Offices, prior to joining the Bank. She is a Bachelor of Laws degree holder from the University of Santo Tomas, after taking up Bachelor of Arts in Political Science from the University of the Philippines. She has had several trainings and seminars, including on the mandatory continuing legal education, AML and various aspects of commercial, criminal, and civil law.

Stephen Y. Tan, 53, Filipino, First Vice President, is the Region Head of RBB-Visayas Region. He has more than 30 years of banking experience, having handled various positions at Metropolitan Bank & Trust Co., Far East Bank & Trust Co., Equitable PCI Bank, and International Exchange Bank, prior to joining the Bank. A CPA, Mr. Tan earned his Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Carlos. He attended several trainings on account management strategies and other trainings in banking and other related fields.

Manuel M. Te, 65, Filipino, First Vice President, is the Region Head of RBB – Metro Manila South Region, and also the head of National Marketing Unit. He joined the Bank in 1976 up to 1996 and was rehired in 1997. He has extensive exposure and training on retail banking. Mr. Te is a graduate of Bachelor of Science in Commerce, Major in Accounting, from the University of Mindanao Digos City and went on to take his post-graduate units in the MBA program of the Ateneo de Davao University. He participated in trainings on AML, forgery detection, credit management, position planning, branch-based marketing, and Leadership Training under Allen Management, among others.

Marisol M. Teodoro, 58, Filipino, First Vice President, is the Director, President and Chief Executive Officer of Bank subsidiary, CBSC, since her secondment in 2017. She previously worked in other financial institutions such as Security Bank and International Corporate Bank/Union Bank of the Philippines. She holds a Bachelor of Science degree in Business Economics and an MBA degree, both from the University of the Philippines-Diliman. She also participated in several trainings on trust, financial planning, and treasury.

Maria Rosanna Catherina L. Testa, 60, Filipino, First Vice President, is the Head of Human Resources Group. She spent more than 30 years of her career in human resource management. She previously held key positions at Goodyear Phils., Equitable-PCI Bank, Far East Bank and Trust Company, The Manila Banking Corporation, and John Clements Consultants, among others. Ms. Testa is a graduate of Bachelor of Arts, Major in Business Administration, from the Assumption College, and completed her Master‟s degree in Business Administration from the Ateneo Business School. She participated in trainings on corporate governance, AML, leadership, and trends and challenges in human resource management.

Geoffrey D. Uy, 54, Filipino, First Vice President, is the Head of Market and Liquidity Risk. Prior to joining the Bank, he was Treasurer, Risk Analytics Head, Funds Management Head, and Corporate Auditor at Citibank. Mr. Uy took up his Bachelor of Science degree in Mechanical Engineering from the De La Salle University and pursued his MBA from the New Hampshire College. His professional trainings include risk management, ICAAP, and financial derivatives, among others.

Noemi Uy, 63, Filipino, First Vice President, is the Region Head of RBB-Metro Manila North Region. Ms. Uy spent her career with the Bank for over 25 years with focus on retail and branch banking. In the past, she worked with Associated Bank, United Coconut Planters Bank, Permanent Savings Bank, and Producers Bank of the Philippines. She graduated with a Bachelor of Science degree in Business Administration from the University of Santo Tomas. She completed numerous trainings on AML, information security, foreign exchange, stock investments, and organization transformation, among others.

Note 1: All the foregoing officers have been involved in the banking industry for more than five (5) years.
Note 2: None of the above-mentioned directors and officers works with the government.

(d) Nominees for election as Directors and Independent Directors

Nominee as Director	**Person who nominated**	**Nominee as Independent Director**	**Person who nominated and Relationship with Nominee**
Hans T. Sy	Sysmart Corporation	Alberto S. Yao	**Lucky Securities, Inc., no relation**
Gilbert U. Dee	Linda Susan T. Mendoza	Margarita L. San Juan	**Zenaida C. Milan, no relation**
William C. Whang	George C. Yap	Philip S.L. Tsai	**Alvin A. Quintanilla, no relation**
Peter S. Dee	Nancy D. Yang		
Joaquin T. Dee	Christopher T. Dee		
Herbert T. Sy	Sysmart Corporation		
Harley T. Sy	SM Investments Corporation		
Jose T. Sio	**SM Investments Corporation**		

All the above-mentioned nominees are incumbent members of the Board. The Certifications of the nominees for independent directors, in accordance with SEC Memorandum Circular No. 5, Series of 2017, are attached as Exhibits "A" to "C".

Upon initial determination, based on the Nomination Forms and attachments submitted to the Nominations and Corporate Governance Committees, the nominees for directors and independent directors were found to be fit and proper for the position they were nominated to and possess all the qualifications and none of the disqualifications of a director or independent director, and their qualities are aligned with the Bank's strategic directions.

The Nominations and Corporate Governance Committees are currently composed of Mr. Philip S.L. Tsai (Chairman of Corporate Governance Committee), Mr. Alberto S. Yao and Ms. Margarita L. San Juan, all independent directors.

(e) Involvement in Legal Proceedings

To the knowledge and information of the Bank, none of the above-named directors, nominees, and executive officers have been involved in any of the following events during the past five (5) years: (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (ii) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (iii) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (iv) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

For the past five (5) years, the Bank, its affiliates, subsidiaries, directors and officers have not been involved in any legal proceedings that would affect their ability, competence or integrity, and/or would involve a material or substantial portion of their property before any court of law, quasi-judicial body or administrative body in the Philippines or elsewhere, except in the usual routine cases directed against the Bank, arising from the ordinary conduct of its business.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of eighteen (18) in-house lawyers who are graduates of reputable law schools in the country. For its external counsels, the Bank retains the services of respected law firms, among which are Medialdea Bello Guevarra & Suarez Law Offices, ACCRA Law Office, Britanico Sarmiento & Ringler Law Offices, Divina Law Office, Tagayuna Panopio & Escober Law Firm, Atty. Omar D. Vigilia, The Law Firm of Hermosisima Hermosisima & Hermosisima, and Catabay-Lauigan Law Office.

(f) Significant Employees

The Bank highly values its human resources. It expects each employee to do his share in achieving the Bank‟s set goals; in return, the Bank has in place policies and programs for the protection and growth of employees.

(g) Relationships and Related Transactions

In the ordinary course of business, the Bank has loans and other transactions with its directors, officers, stockholders, and related interests (DOSRI), which were made substantially on fair terms or at an arm‟s length basis, that is, terms not less favorable to the Bank than those offered to others. Full disclosures for these transactions were made through reports with the appropriate regulatory agency.

The Bank has the following subsidiaries or affiliates/associates:

i. *China Bank Savings, Inc. (CBSI)* – formerly known as The Manila Banking Corporation (TMBC), CBSI was acquired by China Bank in June 2007. It was incorporated on May 23, 1960 and was formed to carry on, engage in the business of, and exercise the general powers of a commercial bank as provided by law. On June 23, 1999, the Bangko Sentral ng Pilipinas (BSP) granted TMBC authority to operate as a thrift bank. In 2008, in pursuance of the Bank‟s acquisition of TMBC, the BSP and the Securities and Exchange Commission (SEC) approved the change of name to CBSI. Further, the Monetary Board and SEC gave their approvals on November 21, 2013 and January 20, 2014, respectively, to the merger with Unity Bank, A Rural Bank, Inc. (Unity Bank), a Pampanga-based rural bank, with CBSI as the surviving bank. On August 14, 2014, the stockholders owning at least 2/3 of the outstanding capital stock of CBSI approved the Plan of Merger of Planters Development Bank and CBSI, with the latter as the surviving bank. BSP approved the merger on November 6, 2015 and SEC registered/approved the merger on December 17, 2015. China Bank now owns 98.29% of the total outstanding capital stock of CBSI. Sitting as directors and/or officers of CBSI are the following: Mr. Ricardo R. Chua as Chairman, Ms. Nancy D. Yang as Vice Chairman, and the rest of the Board members are Messrs. William C. Whang, Alexander C. Escucha, Alberto S. Yao, Philip S.L. Tsai, and Patrick D. Cheng, and Mesdames Rosemarie C. Gan, Angeline Ann H. Hwang+, and Margarita L. San Juan.

ii. *China Bank Capital Corporation (CBCC)* – was incorporated on November 27, 2015 as a full-service investment house with broker/dealer of securities functions. CBCC is also licensed to deal with government securities. It is 100% owned by the Bank. CBCC's Board of Directors is composed of: Messrs. Ricardo R. Chua (Chairman), Romeo D. Uyan, Jr. (Vice Chairman), Ryan Martin L. Tapia (President), William C. Whang, Philip S.L. Tsai, Alberto S. Yao, Juan Paulo E. Colet, and Mesdames Lilian Yu and Margarita L. San Juan. CBCC's business is supplemented by its wholly-owned subsidiaries: a) China Bank Securities Corporation (formerly ATC Securities, Inc.), an equity broker-dealer; and b) CBC Assets One (SPC) Inc., a special purpose corporation.

iii. *CBC Assets One (SPC) Inc. (CBC Assets)* – is a special purpose subsidiary of CBCC. It was incorporated on June 15, 2016, with the primary purpose of securitization of assets which include receivables, mortgage loans and other debt instruments. CBC Assets is 100% owned by CBCC, with the following Board members: Messrs. Ryan Martin L. Tapia (Chairman/President/CEO), Juan Paolo E. Colet, Ariel A. Soner, and Roberto A. Cabusay, and Ms. Marjorie T. Esplana.

iv. *China Bank Securities Corporation (CBSC)* – formerly known as ATC Securities, Inc. (ATC), it is a wholly-owned subsidiary of CBCC. CBSC operates as a stock brokerage licensed by the SEC to engage in dealing, for its own and its customers' accounts, securities listed in the PSE as well as providing securities research and analysis services. On April 19 2018, CBSC became one of the PSE Trading Participants eligible to trade dollar-denominated securities or DDS. ATC originally started out as Cathay Asia Securities, Inc. which was incorporated on December 13, 1978. On April 12, 1984, Cathay Asia Securities changed its name to ATC Securities, Inc. On June 29, 2016, CBCC and the stockholders of ATC executed a Share Purchase Agreement for the purchase by CBCC of 100% shares in ATC. The SEC approved CBCC's intended purchase of ATC on August 23, 2016, subject to certain documentary filing. The acquisition of ATC was eventually approved by the PSE on February 22, 2017 and the closing of the purchase of ATC was completed on March 6, 2017. On July 6, 2017, the SEC approved CBSC‟s amended articles of incorporation, including its change in corporate name from ATC Securities, Inc. to China Bank Securities Corporation. The company's Board of Directors is comprised of: Messrs. William C. Whang (Chairman), Romeo D. Uyan, Jr. (Vice Chairman), Ryan Martin L. Tapia, and Alberto S. Yao, and Mesdames Angeline Ann H. Hwang[+], Marisol M. Teodoro (President & CEO) and Lilian Yu.

v. *CBC Properties and Computer Center, Inc. (CBC PCCI)* – incorporated on April 14, 1982 to render general services of computer and other computer-related products and services solely to the Bank and its business group. CBC PCCI is 100% owned by the Bank, with the following Board members: Messrs. Gilbert U. Dee (Chairman), Peter S. Dee (President), Ricardo R. Chua, and William C. Whang (Treasurer), and Ms. Rosemarie C. Gan.

vi. *Chinabank Insurance Brokers, Inc. (CIBI)*– incorporated on November 3, 1998 as a full service insurance broker, providing direct insurance brokerage for retail and corporate customers, with a wide and comprehensive range of plans for non-life and life insurance. For non-life insurance, CIBI offers Property, Motor, Marine, Accident, Bonds, Construction All Risk and Liability for the Bank clients. CIBI is 100% owned by the Bank, with the following Board members: Messrs. Patrick D. Cheng (Chairman), William C. Whang (Director), and Philip S.L.Tsai (Independent Director), and Mesdames Rosa Maria L. Musico (President) and Margarita L. San Juan (Independent Director).

vii. *ManulifeChinabank Life Assurance Corporation (MCBLife)* – the Board approved on August 2, 2006 the joint project proposal of the Bank with The Manufacturers Life Insurance Company (Manulife). In September 2007, the BSP approved the Bank‟s request to invest in Manulife-owned insurance company that would offer innovative insurance and financial products for health, wealth and education through the branch network and bank offices. The life insurance company was initially incorporated as The Pramerica Life Insurance Company, Inc. in 1998 but the name was changed to Manulife China Bank Life Assurance Corporation (MCBLife) on March 23, 2007. The Bank initially held a 5% interest in MCBLIfe, the minimum stake required by the BSP. On September 12, 2014, the BSP approved the increase of the Bank's capital investment in the venture to 40%, giving the Bank better opportunities to expand its fee-based business. The following are MCBLife‟s Board members: Messrs. Joachim Wessling[+] (Chairman), Sandeep Deobhakta (Director/President & CEO), Richard Bates, William Whang, Patrick Cheng, Matthew Lawrence, Janette Peña, Rhoda Regina Rara and Conrado Favorito.

[+]*Mr. Wessling passed away on March 21, 2020.*

Further, the Bank has business relationships with related parties. Transactions with such parties are thoroughly reviewed and verified as having been entered into in the best interest of the Bank, in the ordinary course of business and on substantially same terms as those prevailing at the time for comparable transactions with other parties. The table below shows the Bank's material related party transactions and outstanding balances for the year 2019:

Related Party	**Total Amount** [/1]	**Total Outstanding Balance** [/2]
CBC Group	₱ 19.8 B $ 1.4 B	₱ 9.0 M
SM Group	₱ 134.5 B $ 224.5 M	₱ 13.7 B $ 170 M
Other Related Parties	₱ 37.7 B $ 8.9 M	₱ 11.5 B

1/ Covers all transactions
2/ For loan transactions approved in 2019

Related party transactions are also discussed in Note 30 and 37 of the Audited Financial Statements as presented in Annex F.

6. Compensation of Directors and Executive Officers

Name	**Year**	**Salary**	**Bonuses & Other Compensation**	**TOTAL**
Total for the 5 most highly compensated executive officers*	2020 (estimates) 2019 (actual) 2018 (actual)	59,322,826.00 54,416,702.00 46,747,440.00	50,856,250.00 43,245,548.00 40,084,898.00	110,179,076.00 97,662,250.00 86,832,338.00
Total for all officers and Directors	2020 (estimates) 2019 (actual) 2018 (actual)	1,804,237,142.00 1,684,491,110.00 1,454,423,412.00	955,827,401.00 926,954,259.00 859,813,381.00	2,760,064,543.00 2,611,445,369.00 2,314,236,793.00

* Messrs. Gilbert U. Dee, William C. Whang, Romeo D. Uyan, Jr., Patrick D. Cheng, and Ms. Rosemarie C. Gan

Other than those relating to the foregoing figures, there are no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting or extension of any option warrant or right to purchase any securities between the Bank and its directors and officers. The officers receive compensation based on their performance, banking experience, employment status, position and rank in the Bank. On the other hand, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committee and to 4% of the Bank‟s net earnings, in accordance with Article IV, Section 11, and Article VIII, Section 1 (a) of the Bank‟s Amended By-Laws. The directors and officers have no other compensatory arrangement with the Bank.

7. Independent Public Accountants

SyCip Gorres Velayo & Co. (SGV & Co.) has been the Bank's independent auditor for more than 20 years and is again recommended for appointment at the scheduled annual stockholders' meeting. In compliance with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Mr. Ray Francis C. Balagtas was assigned since 2016 as SGV & Co. partner-in-charge for the Bank.

None of the Bank's external auditors have resigned during the two (2) most recent fiscal years (2019 and 2018) or any interim period.

Representatives of SGV & Co. are expected to be present at the stockholders" meeting to respond to any matter that may be pertinently raised during the meeting. Their representative will be given the opportunity to make a statement if they so desire.

Fiscal Year	Audit and Audit-Related Fees	All Other Fees
2019	P8,377,600	P 855,520
2018	P7,766,528	P6,312,320

Audit and Audit-Related Fees cover services rendered for the performance of the audit or review of the Bank's financial statements including the combined financial statements of Trust Group, and the issuance of comfort letters relative to the Bank’s P30 billion bond issuance in 2019 and long term negotiable certificate of deposits offering in 2018. The 2019 and 2018 audit fees were taken up and approved by the Audit Committee at its regular meetings on March 25, 2020 and February 27, 2019, respectively.

Tax fees related to the audit of tax accounting and compliance are already incorporated in the year-end audit fees under Audit and Audit-Related Fees category as this is part of the audit process conducted by the external auditors.

The Board/Audit Committee likewise discussed, approved, and authorized the engagement of the services of SGV & Co in non-audit work for the independent Third Party Vulnerability Assessment and Penetration Testing in 2019, independent review of PFRS 9 expected credit loss model in 2018 and independent validation of votes in the annual stockholders’ meeting. Payment for these services are included under All Other Fees.

The Bank's Audit Committee, which is composed of Messrs. Alberto S. Yao (Chairman), Joaquin T. Dee, and Philip S.L. Tsai, approved the audit fees and fees for non-audit services of external auditors, as emphasized in Article H.3.b.b of the Audit Committee Charter.

SGV & Co. also confirmed that they did not have any disagreement with Management that could be significant to the Bank’s financial statements or their auditor’s report. Further, there are no matters that in their professional judgment may reasonably be thought to bear on their independence or that they gave significant consideration to in reaching the conclusion that independence has not been impaired.

8. Compensation Plans – Not applicable

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. <u>Authorization or Issuance of Securities Other than for Exchange</u> – Not applicable

- Dividend

The Bank is allowed to declare dividends out of its unrestricted retained earnings at such times and in such percentages based on the recommendation of the Board of Directors. Such recommendation will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

The Bank's Board of Directors is authorized to declare dividends. A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of the Bank's outstanding capital stock. The Revised Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares". Such shareholders' approval may be given at a general or special meeting duly called for such purpose. See "Dividend Policy".

- Voting

Each Common Share entitles the holder to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the books of the Bank at the time of the closing of the transfer books for such meeting,

In accordance with Section 23 of the Revised Corporation Code, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

- Pre-emptive Rights

The Revised Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation, which entitle them to subscribe to all issues or other disposition of shares of any class by the corporation in proportion to their respective shareholdings, subject to certain exceptions. A Philippine corporation may provide for the exclusion of these pre-emptive rights in its articles of incorporation. The Board has proposed and the stockholders of the Bank approved on May 8, 2014 to amend the Articles of Incorporation to include a waiver of such pre-emptive rights. The Articles of Incorporation of the Bank provides that stockholders shall have no pre-emptive rights to subscribe to any or all issues or dispositions of any class of shares.

10. <u>Modification or Exchange of Securities</u>– Not applicable

11. **<u>Financial and Other Information</u>**

(a) Brief Description of the general nature and scope of the business of the Bank, attached as Annex "A"
(b) Market Information, Dividends, and Top 20 Stockholders, attached as Annex "B"
(c) Discussion of Compliance with leading practice on Corporate Governance, attached as Annex "C"
(d) Management"s Discussion and Analysis or Plan of Operation, attached as Annex "D"
(e) Statement of Management Responsibility for Financial Statements <u>and 2019 Audited Financial Statements</u>, attached as Annex "E"
(f) <u>March 31, 2020 SEC 17-Q Report, attached as Annex "F"</u>

12. **<u>Mergers, Consolidations, Acquisitions and Similar Matters</u>** – Not applicable

13. **<u>Acquisition or Disposition of Property</u>**– Not applicable

14. **<u>Restatement of Accounts</u>**– Not applicable

D. OTHER MATTERS

15. **<u>Action with Respect to Reports</u>**

The following are to be submitted for approval during the stockholders' meeting:

a. Minutes of the Stockholders' Meeting held on May 2, 2019, which contain, among others, the: (i) annual report to stockholders; (ii) approval of financial statements; (iii) ratification of all acts of the Board of Directors, including the approval of additional capital infusion of P500 Million to China Bank Savings, Inc. and P40 Million to Manulife Bank Assurance Corporation and related party transactions and all the acts of the Executive Committee and of the various committees of the Bank and Management, during the fiscal year 2018 and immediately preceding the stockholders" meeting; (iv) election of the Board of Directors; (v) appointment of external auditor; (vi) delegation to the Board of Director of the power to amend by-laws; and(vii) announcement of the declaration of P0.88/per share cash dividend;

b. Annual Report to Stockholders – to provide information about the Bank"s activities, business and financial performance, and other relevant data for the preceding year;

c. Approval of the Audited Financial Statements for the year ended December 31, 2019 – to provide information about the financial position, performance and changes in financial position of the Bank;

d. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management, including the ratification of related party transactions, fund raising exercise of up to P75 Billion in several tranches for the next three (3) years which maybe in the form of Retail bonds and/or Commercial Papers conduct of capital raising exercise of up to P15 Billion in the form of PHP-denominated Tier 2 capital notes and issuance of long term negotiable certificates of time deposit of up to P20.0 Billion - to further bind the Bank of the actions made for the covered period;

e. Election of Directors who will serve as such for the ensuing year;

f. Appointment of external auditor – for the stockholders to ratify the Audit Committee's and Board's selection of auditors;

g. Amendment of By-laws for the stockholders to approve, confirm and ratify the Board resolution of March 25, 2020 on the amendment of By-laws order to update and clarify the processes and practices of the business and to comply with the requirements under the revised Corporation Code and the Bangko Sentral ng Pilipinas (See schedule A for the comparative table of amendments);

h. All matters as contained in the agenda of the meeting, and other businesses as may properly come before the stockholders.

16. Matters Not Required to be Submitted– Not applicable

17. Amendment of Charter, By-laws or Other Documents

During the duly constituted regular annual meeting held on May 2, 2019, such stockholders owning or representing more than 2/3 of the subscribed capital stock of the Bank approved the delegation to the Board of Directors of the power to amend or repeal or adopt new by-laws.

For 2020, the March 25, 2020 Board resolution amending the By-laws will be presented to the stockholders for their approval and ratification. Please see schedule A for the comparative table of amendments.

18. Other Proposed Action– Not applicable

19. Voting Procedures

In accordance with Article III, Section 6 of the Bank's Amended By-Laws, no meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock is represented. Unless the Revised Corporation Code of the Philippines requires otherwise, the majority vote of the shares present or represented at the stockholders" meeting, provided there is a quorum, shall be required to carry a stockholders' action on any matter taken up during the meeting.

Stockholders as of record date of June 2, 2020 shall be entitled to vote at the annual stockholders' meeting. Stockholders may cast their votes by appointing the Chairman as their proxy or *in absentia* through online voting sysem. Stockholders intending to participate by remote communication should notify the Bank by sending an e-mail to OCSSTOCKS@chinabank.ph on or before June 11, 2020. The procedure for registration and verification, online voting, and participation in the meeting through remote communication can be accessed through the China Bank's website, www.chinabank.ph.

Each common share of stock entitles its holder as of record date to one vote. However, with respect to the election of the members of the Board of Directors, Article III, Section 7 of the Bank's Amended By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements under existing rules and regulations. Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Bank multiplied by the whole number of directors to be elected. Twelve (12) nominees receiving the highest number of votes shall be elected directors. For the amendment of by-laws, the affirmative vote by the stockholders representing at least a majority of the outstanding capital stock shall be required, in accordance with Section 47 of the Revised Corporation Code.

All votes will be counted and tabulated by the Office of the Corporate Secretary, to be assisted by the transfer agent, Stock Transfer Service, Inc., and the results are set to be validated by the external auditor, SGV & Co.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 19th day of May 2020.

CHINA BANKING CORPORATION

By:

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

Exhibit "A"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALBERTO S. YAO**, Filipino, of legal age and a resident of No. 22 Samar Avenue, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of China Banking Corporation (Bank) and have been its independent director since July 7, 2004.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Richwell Philippines, Inc.	President & CEO	1990 – present
Internationale Globale Marques, Inc.	President & CEO	2011 – present
Richphil House Incorporated	President	1992 – present
China Bank Savings, Inc.	Independent Director	2009 - present
China Bank Capital Corporation	Independent Director	2015 – present
China Bank Securities Corporation	Independent Director	2017 – present
Philippine Constitution Association	Member	2017 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Bank and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Bank of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, this 0 3 MAR 2020 day of March 2020, at Makati City.

ALBERTO S. YAO

SUBSCRIBED AND SWORN to before me this 0 3 MAR 2020 day of March 2020 at Makati City, affiant personally appeared before me and exhibited to me his SSS No. 03-1300449-2.

Doc. No. 250;
Page No. 50;
Book No. 124;
Series of 2020.

BELENETTE Y. CHING-TAN
Notary Public for Makati City
Appt No. M-1[illegible] until 31 December 2021
4/F [illegible] Building,
8755 Paseo de Roxas, Makati City
PTR No. 8117234; 01.02.2020; Makati City
IBP No. 100124; 12.27.2019; Makati City
Roll of Attorney's No. 37110

Exhibit "B"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARGARITA L. SAN JUAN**, Filipino, of legal age and a resident of 15 First Street, St. Ignatius Village, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of China Banking Corporation (Bank) and have been its independent director since May 4, 2017.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
China Bank Savings, Inc.	Independent Director	2013 – present
China Bank Capital Corporation	Independent Director	2018 – present
China Bank Insurance Brokers, Inc.	Independent Director	2018 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Bank and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Bank of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, this 03 MAR 2020 day of March 2020, at Makati City.

MARGARITA L. SAN JUAN

SUBSCRIBED AND SWORN to before me this 03 MAR 2020 day of March 2020 at Makati City, affiant personally appeared before me and exhibited to me her SSS No. 03-3300959-0.

Doc. No. 248;
Page No. 50;
Book No. 121;
Series of 2020

BELENETTE Y. CHING-TAN
Notary Public for Makati City
Appt No. M-191 until 31 December 2021
4/F Philcom Building,
8755 Paseo de Roxas, Makati City
PTR No. 8117264; 01.02.2020; Makati City
IBP No. 100124; 12.27.2019; Makati City
Roll of Attorney's No. 37110

Exhibit "C"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **PHILIP S.L. TSAI**, Filipino, of legal age and a resident of 157 Oscar Arellano St., San Juan City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of China Banking Corporation (Bank) and have been its independent director since November 7, 2018.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
China Bank Savings, Inc.	Independent Director	2018 - present
China Bank Capital Corporation	Independent Director	2019 - present
China Bank Insurance Brokers, Inc.	Independent Director	2018 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Bank and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Bank of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, this 03 MAR 2020 day of March 2020, at Makati City.

PHILIP S.L. TSAI

SUBSCRIBED AND SWORN to before me this 03 MAR 2020 day of March 2020 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P7396029A valid until May 30, 2028.

Doc. No. 249;
Page No. 50;
Book No. 121;
Series of 2020.

BELENETTE T. CHING-TAN
Notary Public for Makati City
Appt No. M-141 until 31 December 2021
8755 Paseo de Roxas, Makati City
PTR No. 8117204; 01.02.2020; Makati City
IBP No. 100124; 12.27.2019; Makati City
Roll of Attorney's No. 37110

ANNEX "A"

BUSINESS AND GENERAL INFORMATION

1. Description of Business

China Banking Corporation (China Bank) is one of the leading private universal banks in the Philippines that offers a full range of banking products and services to institutional and individual customers, as well as thrift banking, investment banking, insurance brokerage, and bancassurance through our subsidiaries, China Bank Savings, China Bank Capital, China Bank Securities, Chinabank Insurance Brokers (CBC-IB), and Manulife China Bank Life Assurance Corp (MCBLife).

The Bank started by mainly catering to the Chinese-Filipino commercial sector, but has since expanded its market scope to include the retail and consumer segments. Its core banking franchise stems mainly from its 99-year history in the Philippines, a factor that has enabled it to become deeply entrenched within the socioeconomic fabric of the Chinese-Filipino community.

China Bank was incorporated on July 20, 1920 and commenced business on August 16 of the same year. It was listed on the local stock exchange in September 1927 and acquired its universal banking license in 1991. It played a key role in the post-war reconstruction and economic recovery by providing financial support to businesses and entrepreneurs.

In 2007, the Bank acquired Manila Banking Corporation, the oldest savings bank in the country, and established the thrift bank arm, China Bank Savings (CBSI), the following year. To fast-track the savings bank‘s expansion program, the Bank acquired Pampanga-based rural bank Unity Bank under the BSP‘s Strengthening Program for Rural Banks Plus. Also in 2007, the Bank entered into a bancassurance joint venture with Manulife to establish MCBLife. In 2014, the Parent increased its equity stake in MCBLife to 40%.

In 2014, the Bank acquired Planters Development Bank, the country‘s largest private development bank, which helped grow China Bank‘s middle market & SME portfolio and distribution network. The following year, CBS and Plantersbank completed its merger, with the former as the surviving entity.

In 2015, China Bank established its investment house, China Bank Capital Corporation (CBCC), as a spin off of its former investment banking group. The incorporation of the stock brokerage subsidiary, China Bank Securities Corp, followed suit, together with the special purpose company, CBC Assets Once (SPC), Inc.

In the same year, the China Bank MasterCard was launched, with three different variants – 1) China Bank Prime, the ―go-to‖ card for everyday expenses; 2) China Bank Platinum MasterCard, the ultimate privilege lifestyle card; and 3) China Bank World MasterCard, the card that gives world-class privileges, taking luxury to a whole new level. In August 2019, two new credit card variants were launched— China Bank Cash Rewards MasterCard and China Bank Freedom Card.

In 2017, China Bank completed its stock rights offer in the second quarter, with the full subscription of 484 million additional common shares worth P15 billion, as part of its proactive capital management strategy to enhance financial flexibility to support strategic business expansion. This follows the Bank‘s P8-billion stock rights offer in 2014.

In 2019, the Bank marked a successful return to the market with the USD 150-million Green Bond issue to the International Finance Corporation in June and the P30 billion Peso fixed-rate retail bond issue in July.

China Bank continues to champion good corporate governance. In November 2018, the Bank was recognized at the ASEAN Corporate Governance Awards as one of the Top 50 ASEAN Publicly Listed Companies (PLCs) and among the Top 3 PLCs in the Philippines. In 2019, it also received a Four-Arrow Recognition for Good Governance from the Institute of Corporate Directors and the Best Corporate Governance Disclosure and Transparency award from the Bangko Sentral ng Pilipinas.

China Bank's main business include corporate and SME lending, retail loans (e.g. credit cards, housing, auto, personal (e.g. automatic payroll deduction), treasury & foreign exchange trading, trust & asset management, investment banking & advisory services, wealth management, cash management, insurance products through CBC-IB and MCBLife, internet & mobile banking, and remittances through tie-ups in the Middle East, Asia, and major US cities. The Bank also offers foreign currency deposits in four currencies, USD, EUR, CNY, and JPY.

China Bank offers a comprehensive suite of products and services through its 631 branches complemented by convenient and secure electronic banking channels which are available 24/7 — 1,002 ATMs, Cash Accept Machine, China Bank TellerPhone (phone banking), China Bank Online, and China Bank Mobile App.

	Effective Percentages of Ownership			
Subsidiary	**2019**	2018	Country of Incorporation	Principal Activities
Chinabank Insurance Brokers, Inc.	100.00%	100.00%	Philippines	Insurance brokerage
CBC Properties and Computer Center, Inc.	100.00%	100.00%	Philippines	Computer services
China Bank Savings, Inc.	98.29%	98.29%	Philippines	Retail and consumer banking
China Bank Capital Corporation	100.00%	100.00%	Philippines	Investment house
CBC Assets One, Inc.	100.00%	100.00%	Philippines	Special purpose corporation
China Bank Securities Corporation	100.00%	100.00%	Philippines	Stock Brokerage

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 22.55% and 20.30% as of December 31, 2019 and 2018, respectively.

The Parent Company's principal place of business is at 8745 Paseo de Roxas cor. Villar St., Makati City.

2. Business of Issuer

(a) Principal Products and Services

China Bank‘s main businesses include deposit taking, corporate and middle market lending, retail loans including mortgage and auto loans & automatic payroll deduction, investment banking, insurance products through its subsidiaries, treasury and foreign exchange trading, trust and investment management, wealth management, cash management, internet banking and mobile banking services, inward remittances through tie-ups with remittance companies and exchange houses in the Middle East, Asia and major US cities. The income from these products/services is divided into two categories, namely (1) interest income from the Bank‘s deposit taking and lending/investment activities which accounts for 85 % of revenues and (2) other income (includes service charges, fees & commissions, trading gain, foreign exchange gain, trust fees, income from sale of acquired assets and other miscellaneous income) which account for 15% of revenues.

Percentage of sales or revenues and net income contribution from foreign sales (broken down into major markets such as Western Europe, Southeast Asia, etc.) for each of the last three years. Not applicable.

DEPOSITS & RELATED SERVICES

Peso Deposits: Checking - ChinaCheck Plus; Savings - Passbook Savings, ATM Savings, MoneyPlus Savings; SSS Pensioner's Account; Premium Savings Account; Time - Regular Time Deposit, Special Time Deposit, Diamond Savings, Money Lift Plus; Foreign Currency Deposits – (USD, Euro, RMB and JPY) - Savings,Time; Cash Card; Manager's/Gift Check/Demand Draft; Safety Deposit Box; Night Depository Services; Cash Delivery and Deposit Pick-up Services; Out-of-town Checks

LOANS & CREDIT FACILITIES

Corporate Notes and Loans; Commercial Loans; Loan Syndications; Project Finance Facilities; Structured Financing,Trade Financing, Working Capital and Revolving Credit Facilities; Receivable Factoring Consumer Loans - HomePlus Real Estate Loan, AutoPlus Vehicle Loan, Contract to Sell Facility; Credit Cards

INTERNATIONAL BANKING PRODUCTS & SERVICES

Letters of Credit; Standby Letters of Credit; Shipping Guarantee; Documents against Payment; Documents against Acceptance; Open Account;Advance Payments; Trust Receipt Loans Facility; Negotiation of Exports Letter of Credit; Export Bills Discounting, Export Collections, Customs and Duties Tax Payments, Advising of Letters of Credit and Standby Letters of Credit; Telegraphic Transfer (Domestic and International); Foreign Currency Accounts (Time Deposit, Savings and Checking Accounts); Foreign Currency Loans; Foreign Currency Bank Drafts, Foreign Purchase and Sale of Foreign Exchange; Inward and Outward Remittance Service -Domestic and International

INVESTMENT BANKING SERVICES

Bonds, Syndicated Loans, Corporate Notes, Structured Loan, Project Finance, Long_term Negotiable Certificate of Deposit (LTNCD), Enrolled Notes (Short Dated Notes/QB Notes, Initial Public Offering (Common Shares), Follow On Offering (Common Shares), Preferred Shares, Convertible/Exchangeable Shares; Mergers & Acquisition Advisory, Valuation, Securitization

OVERSEAS KABABAYAN SERVICES

China Bank Remittance; Overseas Kababayan Savings (OKS) Account (PHP and USD)

TRUST SERVICES

Unit Investment Trust Fund (UITF) - China Bank Money Market Fund, China Bank Cash Fund, China Bank Short- Term Fund, China Bank Intermediate Fixed Income Fund, China Bank Fixed-Income Fund, China Bank Balanced Fund, China Bank Equity Fund, China Bank High Dividend Equity Fund, China Bank Dollar Fund, China Bank Dollar Money Market Fund; Wealth Management - Investment Management Arrangement, Personal Management Trust; Corporate Trust Services - Escrow Services Arrangement, Employee Benefit Fund Management, Corporate Fund Management, Facility Agency Arrangement, Security Trusteeship Arrangement, Collecting and Paying Agency Arrangement

TREASURY SERVICES

Investments - Local currency denominated Government and Corporate Bond Issues and Perpetual Notes, Foreign currency denominated Government and Corporate Bond Issues and Perpetual Notes, China Bank Bond; Deposit and Deposit Substitutes – Long-Term Negotiable Certificate of Deposit (LTNCD), Treasury Certificate of Deposit (TCD), Promissory Note; Foreign Exchange & Derivatives – Foreign Exchange: Spot, Forward and FX Swaps, Derivatives: Interest Rate and Cross Currency Swaps

INSURANCE PRODUCTS

Bancassurance: Wealth Retirement - Platinum Invest Elite, Enrich Max, MCBL Affluence Income, MCBL Affluence Max Elite; Protection Retirement - MCBL Enrich; Protection Education Retirement- MCBL Invest; Protection - Base Protect Plus; Protectio with VL component - LifeBuilder; Group Life Insurance - Group Yearly Renewable Term, Group Personal Accident, Group Credit Life

Non-Life Insurance: Fire and Allied Perils - Residential, Commercial (Industrial All- Risk Insurance, Commercial All- Risk Insurance, Condominium Insurance), Trust Receipts; Motor Car Insurance - Individual, Fleet Program; Marine Insurance - Hull Insurance, Cargo Insurance; Engineering Insurance - Contractors ALL-Risk Insurance, Electronic Equipment Insurance, Erectors All- Risk Insurance, Machinery Breakdown Insurance, Equipment Floater; Liability Insurance - Comprehensive General Liability Insurance, Product Liability Insurance, Professional Indemnity Insurance, Directors and Officers Liability Insurance; Crime Insurance - Money, Security & Payroll Insurance, Fidelity Insurance, Cyber Crime Insurance, Kidnap and Ransom Insurance; Bonds: Surety Bonds - Bidder Bond, Surety / Downpayment Bond, Performance Bond, Warranty Bond, Heirs Bond; Fidelity Bonds; Employee Benefit - Group Personal Accident Insurance, Group Life Insurance, HMO, Travel Insurance, Mortgaged Redemption Insurance, Terrorism and Sabotage, Trade Credit and Business Interruption following Material Damage

PAYMENT & SETTLEMENT SERVICES

Electronic Banking Channels: China Bank Automated Teller Machine (ATM); China Bank TellerPhone; China Bank Online; China Bank Mobile Banking App; Cash Accept Machine; Point-of-Sale (POS)

CASH MANAGEMENT SOLUTIONS

Account Management via China Bank Online Corporate –Basic Services: Balance Inquiry and Transaction Reporting, Intra & inter-bank transfer of funds to own &/or third Party account(s); Buy &/or sell foreign currency, Sure Sweep, Bills payment, Collection Arrangement Report Self-Service Functionalities: Forgotten credentials, Bank Certificate, Checkbook Reorder, Stop Payment Order (Available Soon) Cash Management Solutions: Liquidity, Receivables, Payables, POS Solutions, Government Payments and Collection

Liquidity Management via China Bank Online Corporate - Multi-Bank SOA Concentration, Sure Sweep – Funds Consolidation, Funds Distribution; Corporate Inter-Bank Fund Transfer

Receivables Management - Automatic Debit Arrangement (ADA); Check Depot; Bills Pay Plus; Referenced Deposit Solution; Smart Cash Safe Solution; Check Pay Solution

Payables Management – Direct Debit Arrangement; Auto Credit Arrangement (ACA); Check Writing Services – Check Write Plus Software, Check Write Plus Outsourcing, Check Write Plus Self-Service; Payroll Services – Payroll Crediting, China Pay Software, Payroll Processing

POS Solutions - ChinaBank Debit POS; ChinaBank POS Cash Out

Trade and Settlement Solutions – Electronic Invoicing & Payment Solution; (Settle stock transactions with the Securities Corporation of the Philippines (SCCP) Broker's Solution

Government Payments and Collections – Easy Tax Filing and Payment Solution; BIR eTax Payments; eGov Payment - Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), Pag-IBIG; SSS Sickness Maternity and Employee Compensation (SSS SMEC)

CHINA BANK SECURITIES

Stock Brokerage; Research Services

(b) Distribution Methods of Products and Services:
China Bank's products and services are made available across multiple distribution and delivery channels: 631 branch network (of which 473 are China Bank branches, 158 ChinaBank Savings branches; 1,002 ATM network (622 in-branch and 380 off-site ATMs nationwide; founding member of the BancNet consortium, access to more than 15,000 ATMs nationwide of BancNet networks; online banking (through the Bank's e-portal www.chinabank.ph); China Bank EZPay Kiosk (tax payment); TellerPhone (phone banking) and Mobile Banking. Its head office is located at 8745 Paseo de Roxas corner Villar Streets, Makati City.

Metro Manila Branches

1. MAKATI MAIN BRANCH (Head Office) - CBC Bldg., 8745 Paseo de Roxas cor. Villar Sts., Makati City***
2. BINONDO BUSINESS CENTER - CBC Bldg., Dasmariñas cor. Juan Luna Sts. Binondo, Manila*
3. 999 MALL BRANCH – Unit 3D-5 & 3D-7 999 Shopping Mall, Bldg. 2, Recto – Soler Sts., Binondo, Manila*
4. A. BONIFACIO - MAUBAN BRANCH - G/F Urban Oasis Residences, 423-431., A. Bonifacio Ave., Brgy. San Jose, QC*
5. ALABANG HILLS BRANCH - G/F RBC-MDC Corporate Center, Don Jesus Blvd., Alabang Hills Village, Brgy. Cupang, Muntinlupa City*
6. ALVARADO BRANCH - HS Commercial Tower, 854 Alvarado St. Binondo, Manila
7. ANONAS BRANCH – Anonas corner Marang Streets, Brgy. Quirino, Project 2, Quezon City*
8. ANTIPOLO CITY BRANCH - G/F Budget Lane Arcade, No. 6, Provincial Road, Brgy. San Jose, Antipolo City, Rizal*
9. ANTIPOLO - SUMULONG HIGHWAY BRANCH - No. 219 Sumulong Highway, Bgry. Mambugan, Antipolo City, Rizal*
10. ANTIPOLO CITY-TAKTAK BRANCH - Sumulong Highway corner Taktak Road, Brgy. Dela Paz, Antipolo City, Rizal*
11. ARANETA AVE. BRANCH - Philippine Whithasco Bldg., 420 Araneta Ave., cor. Bayani St., Quezon City*
12. ARNAIZ AVE. BRANCH – United Life Assurance Building, A. Arnaiz Ave. (Pasay Road), Makati City*
13. ARRANQUE BRANCH – Don Felipe Bldg., 675 Tomas Mapua St., Brgy. 301 Sta. Cruz, Manila*
14. ASUNCION BRANCH – Units G6 & G7 Chinatown Steel Towers, 531 Asuncion St., San Nicolas, Manila*
15. AURORA BLVD. – NEW MANILA BRANCH - Aurora Blvd., Brgy. Valencia, Quezon City*
16. AYALA-ALABANG BRANCH - CBC Bldg., Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
17. AYALA AVE. – AMORSOLO BRANCH - G/F Teleperformance Bldg., Ayala Ave., Legaspi Village, Makati City*
18. AYALA - COLUMNS BRANCH – G/F The Columns Tower 3, Ayala Ave cor. Sen. Gil Puyat Ave., Brgy. Bel-Air., Makati City*
19. AYALA MALLS – MANILA BAY BRANCH - Level 2 Ayala Malls Manila Bay, D. Macapagal Ave., Parañaque City
20. BACLARAN - FB HARRISON BRANCH- BAGPI Main Bldg., 2935 Ortigas St. near cor. F.B. Harrison St., Pasay City*
21. BALINTAWAK - BONIFACIO BRANCH - 657 A. Bonifacio Ave., Balintawak, Quezon City*
22. BALUT BRANCH - North Bay Shopping Center, Honorio Lopez Boulevard, Balut, Tondo, Manila*
23. BANAWE BRANCH – CBC Bldg., 680 Banawe Ave., Sta.Mesa Heights, District I, Quezon City*
24. BANAWE - CALAMBA BRANCH - G/F One Banawe Complex Bldg., #119 Banawe St. cor Calamba St., Brgy. Sto. Domingo, QC*
25. BEL - AIR BRANCH - 2/F Saville Bldg., 8728 Paseo de Roxas, Makati City*
26. BEL - AIR – JUPITER BRANCH – Buendia Car Exchange, Jupiter Street, Makati City*
27. BETTER LIVING SUBD. BRANCH – 128 Doña Soledad Ave., Better Living, Brgy. Don Bosco, Parañaque City*
28. BF HOMES BRANCH - Aguirre cor. El Grande Aves., United BF Homes, Parañaque City*
29. BF HOMES - AGUIRRE BRANCH – Margarita Centre, Aguirre Ave. cor. Elsie Gaches St., BF Homes, Parañaque City*
30. BF RESORT VILLAGE BRANCH - BF Resort Drive cor. Gloria Diaz St., BF Resort Village, Talon Dos, Las Piñas City*
31. BGC - ICON PLAZA BRANCH - G/F Icon Plaza Bldg., 25th cor 5th Sts. Bonifacio South, Fort Bonifacio Global City, Taguig City*
32. BGC - ONE WORLD PLACE BRANCH - G/F One World Place, 32nd Avenue, Fort Bonifacio Global City, Taguig City*
33. BGC - WORLD PLAZA BRANCH- G/F World Plaza, L4B5 E-Square Information Technology Park, Crescent Park West, 5th Avenue, Bonifacio Global City, Taguig City *
34. BGC – W TOWER - G/F W Tower, 39th St., North Bonifacio Triangle, Fort Bonifacio Global City, Taguig City,1634*
35. BINANGONAN BRANCH - National Highway, Bo. Tagpos, Binangonan, Rizal*
36. BLUMENTRITT BRANCH - 1777-1781 Cavite cor. Leonor Rivera St., Blumentritt, Sta. Cruz, Manila*
37. BO. KAPITOLYO BRANCH - G/F P&E Bldg., 12 United cor. First Sts., Bo. Kapitolyo, Pasig City*
38. BONNY SERRANO BRANCH – G/F Greenhills Garden Square, 297 Col. Bonny Serrano Ave., Bagong Lipunan ng Crame, QC*
39. CAINTA BRANCH - CBC Bldg, F.P. Felix Ave., Brgy. San Isidro, Cainta, Rizal*
40. CAINTA - POBLACION BRANCH- A. Bonifacio Ave., Poblacion, Brgy. Sto. Domingo, Cainta, Rizal*
41. CAPITOL HILLS BRANCH - G/F Design Pro Bldg., Capitol Hills, Old Balara, Quezon City*
42. CENTURY CITY – KNIGHTS BRIDGE BRANCH - Unit 17 & 18 Knightsbridge Residences, Century City, Kalayaan Ave. Makati City*
43. CIRCUIT MAKATI BRANCH – Level 3, Ayala Mall, Circuit Makati, Hippodromo St., Brgy. Carmona, Makati City*
44. COMMONWEALTH AVE. BRANCH - LGF Ever Gotesco Mall, Commonwealth Ave. cor. Don Antonio Road, QC*
45. COMMONWEALTH AVE. EXTENSION – CASA MILAN BRANCH- ALX Center Building, Commonwealth Ave. Ext., Brgy. North Fairview, Quezon City*

46. CONGRESSIONAL AVENUE BRANCH – G/F Unit C, The Arete Square, Congressional Ave., Project 8, Quezon City*
47. CONGRESSIONAL AVE. EXTENSION – MIRA NILA BRANCH - CBC Building, #71 Lot 28 Blk 2 Mira Nila Homes, Congressional Ave. Ext., Quezon City*
48. CONGRESSIONAL AVE. – PROJECT 8 BRANCH - 159 Congressional Ave., Brgy. Bahay Toro, Project 8, Quezon City
49. CORINTHIAN HILLS BRANCH - G/F The Clubhouse, Corinthian Hills, Temple Drive, Brgy. Ugong Norte, Quezon City*
50. CUBAO - ARANETA BRANCH – Level 2, Ali Mall, Araneta Center, Cubao, Quezon City*
51. CUBAO - AURORA BRANCH - 911 Aurora Boulevard Extension cor. Miami St., Cubao, Quezon City
52. CUBAO - P. TUAZON BRANCH - No. 287 P. Tuazon Ave. near corner 18th Avenue, Brgy. San Roque, Cubao, Quezon City*
53. CULIAT- TANDANG SORA BRANCH - G/F Royal Midway Plaza, No. 419, Tandang Sora Ave. Brgy. Culiat, 1128 QC*
54. D. TUAZON BRANCH - 148 D. Tuazon St., Brgy. Lourdes, Sta. Mesa Heights, Quezon City*
55. DAMAR VILLAGE BRANCH – The Clubhouse, Damar Loop, Damar Village, Quezon City*
56. DASMARIÑAS VILLAGE BRANCH – 2283 Pasong Tamo Ext. cor. Lumbang St., Makati City*
57. DEL MONTE AVENUE BRANCH – No. 497 Del Monte Ave., Brgy. Manresa, Quezon City*
58. DEL MONTE - MATUTUM BRANCH – No. 202 Del Monte Ave. near cor. Matutum St., Brgy. St. Peter, Quezon City*
59. DILIMAN – MATALINO BRANCH – J&L Building, #23 Matalino Street, Brgy. Central, Diliman, Quezon City*
60. DIVISORIA - STA. ELENA BRANCH - Unit G22 New Divisoria Condominium Ctr., 632 Sta. Elena St., Binondo, Manila
61. DON ANTONIO BRANCH - G/F Royale Place, Don Antonio Ave., Old Balara, Quezon City*
62. EASTWOOD CITY BRANCH – Unit D, Techno Plaza One, Eastwood City Cyberpark, E. Rodriguez Jr. Ave., (C-5) Bagumbayan, QC*
63. EASTWOOD CITY FELINA CORPORATE PLAZA BRANCH - G/F Felina Corporate Plaza, #5 Eastwood Ave., Eastwood City, QC*
64. EDSA - KALOOKAN BRANCH - No. 531 EDSA near cor. Biglang Awa St., Kalookan City*
65. EDSA - PHILAM BRANCH - 917 EDSA, Brgy. Philam, Quezon City*
66. EDSA - TIMOG AVE. BRANCH - G/F Richwell Corporate Center, 102 Timog Ave., Brgy. Sacred Heart, Quezon City*
67. ELCANO BRANCH – G/F Elcano Tower, Elcano St., San Nicolas, Manila
68. E. RODRIGUEZ - ACROPOLIS BRANCH - G/F Suncrest Building, 82 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City*
69. E. RODRIGUEZ - CORDILLERA BRANCH - 291 E. Rodriguez Sr. Blvd., Brgy. Doña Josefa, Quezon City*
70. E. RODRIGUEZ - HILLCREST BRANCH – No. 402 E. Rodriguez Sr. Blvd., Cubao, Quezon City*
71. E. RODRIGUEZ SR. BLVD. BRANCH - CBC Bldg., #286 E. Rodriguez Sr. Blvd., Brgy. Damayang Lagi, Quezon City*
72. ERMITA BRANCH – G/F Ma. Natividad Bldg., #470 T. M. Kalaw cor. Cortada Sts., Brgy. 666, Ermita, Manila*
73. ESCOLTA BRANCH - Burke Building, Escolta corner Burke Streets, Binondo, Manila
74. ESPAÑA BRANCH - España cor. Valencia Sts., Sampaloc, Manila*
75. EVANGELISTA BRANCH – 1748 AMV Building, Evangelista cor. Gen Estrella Sts., Bangkal, Makati City*
76. EXAMINER BRANCH - No. 1525 Quezon Ave. cor. Examiner St., West Triangle, Quezon City*
77. FAIRVIEW BRANCH - G/F Angelenix House, Commonwealth Ave. cor. Camaro Sts., Fairview Park Subdivision, Fairview, Quezon City*
78. FAIRVIEW TERRACES BRANCH - LGF Fairview Terraces, Quirino Hiway cor. Maligaya Drive, Brgy. Pasong Putik, Novaliches, QC*
79. FILINVEST CORPORATE CITY BRANCH - G/F Wilcon Depot, Alabang- Zapote Rd cor. Bridgeway Ave., Filinvest Corp City, Alabang, Muntinlupa City*
80. FILINVEST CORP. CITY – COMMERCENTER BRANCH - G/F Commercenter Bldg., Commerce Ave. cor. Filinvest Ave., Filinvest Corp City, Alabang, Muntinlupa City
81. FILINVEST CORP. CITY - NORTHGATE BRANCH - G/F Aeon Centre Building, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinlupa City*
82. FIVE E - COM CENTER BRANCH - G/F Five E-com Center, Harbor Drive, MOA Complex, Pasay City*
83. FORT BONIFACIO GLOBAL CITY BRANCH – G/F Marajo Tower, 26th St. cor. 4th Avenue, Fort Bonifacio Global City, Taguig City*
84. GEN. LUIS - KATIPUNAN-CBC Building, Gen. Luis St. corner Katipunan SB Road, Brgy. Nagkaisang Nayon, Novaliches, Quezon City*
85. GIL PUYAT AVENUE BRANCH - Mitsu Bldg., No. 65 Sen. Gil Puyat Ave., Brgy. Palanan, Makati City*
86. GIL PUYAT - ELIZABETH PLACE BRANCH - G/F Elizabeth Place Condominium, 322 H.V. Dela Costa St., Brgy. Bel-Air, MakatiCity*
87. GIL PUYAT - REPOSO BRANCH - 331 Sen. Gil Puyat Ave., Brgy. Bel-Air, Makati City*
88. GREENBELT 1 BRANCH - G/F Greenbelt 1, Legaspi St. near cor. Paseo de Roxas, San Lorenzo, Makati City*
89. GREENHILLS BRANCH - G/F Gift Gate Bldg., Greenhills Shopping Center, San Juan City, Metro Manila**
90. GREENHILLS – ANNAPOLIS BRANCH – Mercedes 1 Condominium, Annapolis St., Greenhills, San Juan City*
91. GREENHILLS - CONNECTICUT BRANCH - 101 Missouri Square Bldg., Missouri cor. Connecticut St., Northeast Greenhills, San Juan City*
92. GREENHILLS - ORTIGAS BRANCH – CBC Bldg., 14 Ortigas Ave. Greenhills, San Juan City, Metro Manila*
93. HEROES HILLS BRANCH – Quezon Ave. cor. J. Abad Santos St., Heroes Hills, Brgy. Sta. Cruz, Quezon City*
94. HOLY SPIRIT DRIVE BRANCH - CBC Building Lot 18 Block 6 Holy Spirit Drive, Don Antonio Heights, Brgy. Holy Spirit, Quezon City*
95. ILAYA BRANCH - #947 APL-YSL Bldg., Ilaya, Tondo, Manila
96. INTRAMUROS BRANCH - Sitio Grande, No. 409 A. Soriano Ave., Intramuros, Manila*
97. J. ABAD SANTOS AVENUE BRANCH - 2159 J. Abad Santos Ave. cor. Batangas St., Tondo, Manila*

98. J. ABAD SANTOS AVE. – QUIRICADA BRANCH - #1714 J. Abad Santos Ave. near corner Quiricada Street, Brgy. 252, Tondo, Manila*
99. JUAN LUNA BRANCH – G/F Aclem Bldg., 501 Juan Luna St., Binondo, Manila*
100. KALAYAAN AVE. BRANCH – G/F PPS Bldg., Kalayaan Ave., Quezon City*
101. KALOOKAN - 8TH AVE.BRANCH - No. 279 Rizal Ave. cor, 8th Ave., Grace Park, Kalookan City*
102. KALOOKAN - 10TH AVE. BRANCH - No. 275 10th Ave. corner 3rd Street, Grace Park, Kalookan City*
103. KALOOKAN BRANCH - CBC Bldg., 167 Rizal Ave. Extension, Grace Park, Kalookan City*
104. KALOOKAN - CAMARIN BRANCH – L8B4 La Forteza Subd., Brgy. 175, Camarin, Kalookan City*
105. KALOOKAN - MONUMENTO BRANCH – CBC Bldg., 779 McArthur Highway, District 2, Brgy. 78. Kalookan City*
106. KAMIAS BRANCH – G/F CRM Bldg., 116 Kamias Road cor. Kasing-Kasing St., Quezon City*
107. KAMUNING BRANCH - SKY47 Bldg., #47 Kamuning Road, Quezon City*
108. KANLAON BRANCH - Kanlaon near corner N. Roxas Streets,Quezon City
109. KARUHATAN BRANCH – No. 253-B McArthur Highway cor, Bizotte St., Karuhatan, Valenzuela City*
110. KATIPUNAN AVE. – LOYOLA HEIGHTS BRANCH – GF Elizabeth Hall Bldg., Katipunan Ave., Loyola Heights, QC*
111. KATIPUNAN AVE.- ST. IGNATIUS BRANCH – CBC Bldg., No. 121 Katipunan Ave., Brgy. St. Ignatius, Quezon City*
112. LAGRO BRANCH - CBC Building, Lot 32 Blk 125, Quirino Highway, Greater Lagro, Quezon City*
113. LAS PIÑAS BRANCH - CBC Bldg., Alabang-Zapote Road cor. Aries St., Pamplona Park Subd., Las Piñas City*
114. LAS PIÑAS - MANUELA BRANCH – CBC Bldg., Alabang-Zapote Road cor. Philamlife Ave., Pamplona Dos, Las Piñas City*
115. LAS PIÑAS - MARCOS ALVAREZ BRANCH - Metro Towne Center, 2020 Marcos Alvarez Ave., Talon V, Moonwalk, Las Piñas City*
116. LAS PIÑAS – NAGA ROAD BRANCH - Lot 3, Naga Road, Pulanglupa2, Las Piñas City*
117. LAVEZARES BRANCH - 412 Lavezares Street, San Nicolas, Manila*
118. LEGASPI VILLAGE - AIM BRANCH - G/F Cacho-Gonzales Bldg, 101 Aguirre cor. Trasierra Sts., Legaspi Vill., Makati City*
119. LEGASPI VILLAGE - AMORSOLO BRANCH - G/F CAP Bldg., Herrera cor. Amorsolo Sts., Legaspi Village, Makati City*
120. LEGASPI VILLAGE - C. PALANCA BRANCH - Suite A, G/F Basic Petroleum Bldg., 104 C. Palanca Jr. St., Legaspi Village, Makati City*
121. LEGASPI VILLAGE – ESTEBAN BRANCH - G/F PPI Bldg., No. 109 Esteban St., Legaspi Village, Makati City*
122. LEGASPI VILLAGE - PEREA BRANCH - G/F Greenbelt Mansion, 106 Perea St., Legaspi Village, Makati City*
123. LEGASPI VILLAGE - SALCEDO BRANCH - G/F Fedman Suites, 199 Salcedo St., Legaspi Village, Makati City*
124. M. DELA FUENTE – TRABAJO MARKET BRANCH – #771 M. Dela Fuente St., Sampaloc, Manila*
125. MACAPAGAL AVE. – ASEANA SQUARE BRANCH - Aseana Square (Caltex Area), D. Macapagal Ave., Aseana City, Brgy. Tambo, Parañaque City*
126. MACAPAGAL AVE. – BIOPOLIS BRANCH - G/F The Biopolis, Central Business Park, 1-A Diosdado Macapagal Avenue, Pasay City*
127. MACAPAGAL AVE. – DOUBLE DRAGON BRANCH – G/F Phase 1, DD Meridian Park Plaza, Macapagal Ave. cor. EDSA Ext., Pasay City*
128. MAGALLANES VILLAGE BRANCH – G/F DHI Bldg., No. 2 Lapu-Lapu Ave. cor. EDSA, Magallanes Village, Magallanes, Makati City*
129. MAKATI AVENUE BRANCH - G/F CBC Bldg., Makati Ave. cor. Hercules St., Bel-Air Village, Brgy. Bel-Air, Makati City*
130. MAKATI – COMEMBO BRANCH – F & V Bldg., No. 46 JP Rizal Ext., Brgy. Comembo, Makati City*
131. MAKATI - JP RIZAL BRANCH – GF Casa Catalina Bldg., JP Rizal corner Honradez Streets, Brgy. Olympia, Makati City*
132. MAKATI - KALAYAAN AVE. BRANCH –GF Zentro Bldg., 8445 Mercedes St. cor. Buntal St., Brgy. Poblacion, Makati City*
133. MAKATI – YAKAL BRANCH - 173 Yakal St. near corner Ayala Ave. Ext., Makati City
134. MALABON - CONCEPCION BRANCH - Gen. Luna cor. Paez Sts., Concepcion, Malabon City*
135. MALABON - GOV. PASCUAL BRANCH – CBC Bldg., Gov. Pascual Ave., Brgy. Acacia, Malabon City*
136. MALABON - POTRERO BRANCH - CBC Bldg., McArthur Highway, Potrero, Malabon*
137. MALANDAY BRANCH - CBC Bldg. McArthur Highway, Malanday, Valenzuela City*
138. MANDALUYONG - BONI AVE. BRANCH - G/F VOS Bldg. Boni Ave. cor. San Rafael St., Plain View, Mandaluyong City*
139. MANDALUYONG BONI – SAN ROQUE BRANCH - #768 Bonifacio Ave. cor. San Roque St., Brgy. Barangka Ilaya, Mandaluyong City*
140. MANDALUYONG - D. GUEVARA BRANCH - Libertad Plaza, #19 Domingo Guevara St., Highway Hills, Mandaluyong City*
141. MANDALUYONG - PIONEER BRANCH - UG-05 Globe Telecom Plaza Tower I, Pioneer St., Brgy. Ilaya, Mandaluyong City*
142. MANILA - MACEDA BRANCH – M. Daguman Bldg., A. Maceda St., Sampaloc Manila*
143. MARIKINA - FAIRLANE BRANCH – G/F E & L Patricio Bldg., No. 809 J.P. Rizal Ave., Concepcion Uno, Marikina City*
144. MARIKINA - GIL FERNANDO BRANCH - Block 9 Lot 14 Gil Fernando Ave., Marikina City*
145. MARIKINA - SSS VILLAGE BRANCH - Lilac corner Rainbow Sts., Rancho Estate IV, Concepcion Dos, Marikina City*
146. MARIKINA - STA. ELENA BRANCH - 250 J.P. Rizal St., Sta. Elena, Marikina City*
147. MASANGKAY BRANCH - 959-961 G. Masangkay St., Binondo, Manila*
148. MASANGKAY MAYHALIGUE BRANCH No. 1417-1419 G. Masangkay St., Sta. Cruz, Manila*
149. MAYON BRANCH – 480 Mayon St., Sta. Mesa Heights, Quezon City *
150. MAYON – ROTONDA BRANCH - G/F One Mayon Place, #68 Mayon Street, Brgy. Sta. Teresita, Quezon City
151. MINDANAO AVE. BRANCH -30 Mindanao Avenue, Brgy. Tandang Sora, Quezon City*

152. MUNTINLUPA - PUTATAN BRANCH - G/F Teknikos Bldg., National Highway, Brgy. Putatan, Muntinlupa City*
153. N. DOMINGO BRANCH – G/F The Main Place, No.1 Pinaglabanan cor. N. Domingo Sts., San Juan City*
154. NAVOTAS BRANCH - No. 500 M. Naval St. near cor. Lacson St. Brgy. North Bay Blvd. North (NBBN), Navotas City*
155. NOVALICHES – BAGBAG BRANCH - No. 658 Quirino Highway, Bagbag, Novaliches, Quezon City
156. NOVALICHES - GULOD BRANCH – 858 Krystle Building, Quirino Highway, Gulod, Novaliches, Quezon City*
157. NOVALICHES - SANGANDAAN BRANCH – CBC Bldg., Quirino Highway cor. Tandang Sora Ave., Brgy. Sangandaan, Novaliches, QC*
158. NOVALICHES - STA. MONICA BRANCH - G/F E & V Bldg., Quirino Highway corner Dumalay St., Novaliches, Quezon City*
159. NOVALICHES - TALIPAPA BRANCH - 528 Copengco Bldg., Quirino Highway, Talipapa, Novaliches, Quezon City*
160. NOVALICHES - ZABARTE – G/F C.I. Bldg 1151 Quirino Highway cor. Zabarte Road, Brgy. Kaligayahan, Novaliches, Quezon City*
161. NUEVA BRANCH – Unit Nos. 557 & 559 G/F Ayson Bldg., Yuchengco St., Binondo, Manila*
162. ONGPIN BRANCH - G/F Se Jo Tong Bldg., 814 & 816 Ongpin St., Brgy. 297, Sta. Cruz, Manila*
163. OROQUIETA BRANCH – No. 1225 Oroquieta St., Sta. Cruz, Manila*
164. ORTIGAS - ADB AVE. BRANCH - LGF Cityland Mega Plaza Bldg., ADB Ave. cor. Garnet Road, Ortigas Center, Brgy. San Antonio, Pasig City*
165. ORTIGAS AVE. EXT. - RIVERSIDE BRANCH – Unit 2-3 Riverside Arcade, Ortigas Ave Ext. cor. Riverside Drive, Brgy. Sta. Lucia, Pasig City*
166. ORTIGAS CENTER BRANCH - Unit 101 Parc Chateau Condominium Onyx cor. Sapphire Sts, Ortigas Center, Pasig City*
167. ORTIGAS COMPLEX BRANCH - G/F Padilla Bldg., F. Ortigas Jr. Road, Ortigas Center, Brgy. San Antonio, Pasig City*
168. ORTIGAS - JADE DRIVE BRANCH - Unit G-03, Antel - Global Corporate Center, Jade Drive, Ortigas Center, Brgy. San Antonio, Pasig*
169. ORTIGAS - TEKTITE BRANCH- Unit EC-06B PSE Center (Tektite), Exchange Road, Ortigas Center, Pasig City*
170. PACO BRANCH – Gen. Luna cor. Escoda St., Paco, Manila*
171. PACO - ANGEL LINAO BRANCH - Unit 1636 & 1638 Angel Linao St. Paco, Manila*
172. PACO - OTIS BRANCH – G/F Union Motor Corporation Bldg., 1760 Dra. Paz Guanzon St., Paco, Manila*
173. PADRE FAURA BRANCH - G/F Regal Shopping Center, A. Mabini cor. Padre Faura Sts., Ermita, Manila*
174. PADRE RADA BRANCH - G/F Gosiupo Bldg., Padre Rada corner Elcano Sts., Tondo, Manila
175. PARAÑAQUE - BACLARAN BRANCH - Quirino Avenue cor. Aragon St., Baclaran, Parañaque City*
176. PARAÑAQUE - MOONWALK BRANCH – Milky Way St. cor. Armstrong Avenue, Moonwalk Village, Brgy. Moonwalk, Parañaque City*
177. PARAÑAQUE - NAIA BRANCH- Ninoy Aquino Ave., Brgy. San Dionisio, Parañaque City*
178. PARAÑAQUE - SAN ANTONIO VALLEY BRANCH - San Antonio Shopping Center, San Antonio Road, Brgy. San Antonio Valley 1, Parañaque City*
179. PARAÑAQUE - SUCAT BRANCH - No. 8260 Dr. A. Santos Ave., Brgy. San Isidro, Parañaque City*
180. PASAY - LIBERTAD BRANCH – CBC Bldg., 184 Libertad St., Antonio Arnaiz Ave., Pasay City*
181. PASAY - ROXAS BLVD. BRANCH - GF Unit G-01 Antel Seaview Towers, 2626 Roxas Blvd., Pasay City*
182. PASIG - A. MABINI BRANCH - A. Mabini Street, Brgy. Kapasigan, Pasig City*
183. PASIG - C. RAYMUNDO BRANCH – G/F MicMar Apartments No. 6353 C. Raymundo Ave., Brgy. Rosario, Pasig City*
184. PASIG - DELA PAZ BRANCH- Amang Rodriguez Avenue, Brgy. Dela Paz, Pasig City*
185. PASIG – ESTANCIA BRANCH - LGF Estancia (Expansion) Capitol Commons, Meralco Ave., Pasig City
186. PASIG - MERCEDES BRANCH - Commercial Motors Corp. Compound., Mercedes Ave., Brgy. San Miguel, Pasig City**
187. PASIG – ROSARIO BRANCH - 1864 Ortigas Ave. Ext., Rosario, Pasig City
188. PASIG - SAN JOAQUIN BRANCH - No. 43 M. Concepcion Ave., San Joaquin, Pasig City*
189. PASIG - SANTOLAN BRANCH - G/F Felmarc Business Center, Amang Rodriguez Ave., Santolan, Pasig City*
190. PASIG - SM SUPERCENTER BRANCH – G/F SM Supercenter Pasig, Frontera Drive, C-5, Brgy. Ugong, Pasig City*
191. PASIG - VALLE VERDE BRANCH - G/F Reliance IT Center, E. Rodriguez Jr. Ave., Ugong, Pasig City*
192. PASO DE BLAS BRANCH – G/F CYT Bldg., No 178 Paseo de Blas, Valenzuela City*
193. PASONG TAMO - BAGTIKAN BRANCH – G/F Trans-Phil House, 1177 Chino Roces Ave. cor. Bagtikan St., Makati City*
194. PASONG TAMO - CITYLAND BRANCH - Units UG29-UG32 Cityland Pasong Tamo Tower, 2210 Pasong Tamo St., Makati City*
195. PASONG TAMO - LA FUERZA- La Fuerza Plaza 1, Chino Roces Ave., Makati City*
196. PATEROS BRANCH - G/F Adela Bldg., M. Almeda St., Brgy. San Roque, Pateros*
197. PHILAM BRANCH - #8 East Lawin Drive, Philam Homes, Quezon City*
198. PROJECT 8 - SHORTHORN – CBC Bldg., 43 Shorthorn Street, Bahay Toro, Project 8, Quezon City*
199. PUREZA BRANCH – G/F Solicarel Building, Ramon Magsaysay Blvd. near corner Pureza St., Sta. Mesa, Manila
200. QUEZON AVE. BRANCH - G/F G&D Bldg., No. 18 Quezon Ave. cor. D. Tuazon St., Brgy. Doña Josefa, Quezon City*
201. QUIAPO BRANCH - 216-220 Villalobos St., Quiapo, Manila
202. REGALADO AVE. - CBC Building, #34 Regalado Ave., North Fairview, Quezon City*
203. REGALADO AVE. – WEST FAIRVIEW – CBC Building, Regalado Ave. corner Bulova St., Quezon City*
204. RIZAL - ANGONO - Lot 3 Blk. 4 M.L Quezon Ave., Richmond Subd., Angono, Rizal*
205. RIZAL - SAN MATEO BRANCH - #63 Gen. Luna corner Simon St., Banaba, San Mateo, Rizal*

206. ROCKWELL – ORTIGAS BRANCH - G/F Tower 1, Rockwell Business Center, Ortigas Avenue, Pasig City
207. ROOSEVELT AVE. BRANCH - CBC Bldg., #293 Roosevelt Ave., San Francisco Del Monte, Quezon City*
208. ROOSEVELT AVE. – FRISCO BRANCH - G/F Norita Bldg., #51 H. Francisco St. corner Roosevelt Ave., Brgy. Paraiso, QC*
209. SALCEDO VILLAGE - LP LEVISTE BRANCH - Unit 1-B G/F The Athenaeum – #160 LP Leviste St., Salcedo Village, Brgy. Bel-Air, Makati City*
210. SALCEDO VILLAGE - TORDESILLAS BRANCH - G/F Prince Tower Condominium, 14 Tordesillas St., Salcedo Village, MakatiCity*
211. SALCEDO VILLAGE - VALERO BRANCH - G/F Valero Tower, 122 Valero St., Salcedo Village, Makati City*
212. SALES - RAON BRANCH – 611 Sales St., Quiapo, Manila*
213. SAN ANTONIO VILLAGE - KAMAGONG BRANCH - Kamagong near corner St. Paul Streets, San Antonio Vill., Makati City*
214. SAN ANTONIO VILLAGE - P. OCAMPO BRANCH - JM Macalino Auto Center, P. Ocampo Street cor. Dungon St., San Antonio Village, Makati*
215. SAN JUAN - J. ABAD SANTOS BRANCH - Unit 3 Citiplace Bldg., 8001 Jose Abad Santos St., Little Baguio, San Juan City*
216. SAN JUAN BRANCH 17 F. Blumentritt St., San Juan, Metro Manila*
217. SCT. BORROMEO BRANCH - G/F The Forum Building, 71- A Sct. Borromeo St., Diliman, Quezon City*
218. SCT. CHUATOCO BRANCH -Estuar Building, No.880 Quezon Ave., Brgy. Paligsahan, Quezon City
219. SHAW – GOMEZVILLE BRANCH -Gomezville Street cor. Shaw Blvd., Mandaluyong City
220. SHAW - HAIG BRANCH – G/F First of Shaw Bldg, Shaw Blvd, cor. Haig St, Mandaluyong City*
221. SHAW-PASIG BRANCH - G/F RCC Center, No. 104 Shaw Boulevard, Pasig City*
222. SHAW-SUMMIT ONE BRANCH - Unit 102 Summit One Office Tower, 530 Shaw Boulevard, Mandaluyong City*
223. SM AURA PREMIER BRANCH – LGF SM Aura Premier, McKinley Parkway, Fort Bonifacio Global City, Taguig City*
224. SM CITY BF PARAÑAQUE BRANCH - G/F SM City BF Parañaque, Dr. A. Santos Ave. cor. President's Ave., BF Homes, Parañaque City*
225. SM CITY BICUTAN BRANCH - LGF Bldg. B, SM City Bicutan Doña Soledad Ave. cor. West Service Road, Parañaque City**
226. SM CITY FAIRVIEW BRANCH – LGF SM City Fairview, Quirino Ave. cor. Regalado Ave. Fairview, Quezon City*
227. SM CITY MARIKINA BRANCH – G/F SM City Marikina, Marcos Highway, Brgy. Calumpang, Marikina City*
228. SM CITY MASINAG BRANCH – LGF SM City Masinag, Marcos Highway, Brgy. Mayamot Antipolo City, Rizal*
229. SM CITY SAN LAZARO BRANCH - UGF (Units 164-166) SM City San Lazaro, Felix Huertas St. cor. A.H. Lacson Ext., Sta. Cruz, Manila*
230. SM CITY TAYTAY BRANCH - Unit 147 Bldg. B, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal*
231. SM MALL OF ASIA BRANCH - G/F Main Mall Arcade, SM Mall of Asia, Bay Blvd., Pasay City**
232. SM MEGAMALL BRANCH - LGF Bldg. A, SM Megamall, E. delos Santos Ave. cor. Julia Vargas St., Mandaluyong City*
233. SM NORTH EDSA BRANCH – GF Cyberzone Carpark Bldg., SM City North Ave cor. EDSA, Quezon City*
234. SM NORTH TOWERS BRANCH – SM City North EDSA North Towers, SM City North EDSA Complex, Quezon City*
235. SM SOUTHMALL BRANCH – UGF SM Southmall, Alabang-Zapote Road, Almanza Uno, Las Piñas City *
236. SOLEMARE BRANCH - G-11 Solemare Parksuites, 5A Bradco Avenue, Aseana Business Park, Parañaque City*
237. SOLER – ARRANQUE BRANCH - #715 T. Alonzo St. near corner CM Recto Avenue, Sta. Cruz, Manila
238. SOLER - 168 BRANCH – G/F R&S Bldg., Soler St., Binondo, Manila*
239. SOUTH TRIANGLE BRANCH - G/F Sunshine Blvd. Plaza, Quezon Ave. cor. Sct. Santiago and Panay Ave., Bgry. South Triangle, QC*
240. STA. MESA BRANCH - 1-B G. Araneta Avenue, Brgy.Doña Imelda, Quezon City*
241. STO. CRISTO BRANCH – E-Square Bldg., 622 Sto. Cristo St. Binondo, Manila
242. STO. CRISTO – CM RECTO BRANCH – 858 Sto. Cristo Street, San Nicolas, Manila
243. STO. DOMINGO AVE. BRANCH – GF JRich Holdings Bldg., Sto. Domingo Ave., Brgy. Sto. Domingo, Quezon City*
244. T. ALONZO BRANCH – Anttan Residences, 908 T. Alonzo cor. Espeleta Sts., Brgy. 298, Sta. Cruz, Manila*
245. TAFT AVE. - NAKPIL BRANCH – G Square Taft Ave. corner Nakpil St., Malate, Manila*
246. TAFT AVE. - QUIRINO BRANCH – The Gregorian Bldg., 2178 Taft Ave. near cor. Quirino Ave., Malate, Manila*
247. TANDANG SORA - VISAYAS AVE. BRANCH - #250 Tandang Sora Ave., Brgy. Tandang Sora, Quezon City*
248. TAYTAY - ORTIGAS EXTENSION BRANCH- The Gate, Baltao Compound, Ortigas Ave. Ext., San Isidro Taytay, Rizal*
249. TAYTAY - SAN JUAN BRANCH - Velasquez St., Sitio Bangiad, Brgy. San Juan, Taytay, Rizal*
250. THE MEDICAL CITY BRANCH - 2/F Medical Arts Building, The Medical City, Ortigas Ave., Pasig City
251. TIMOG AVE. BRANCH - G/F Prince Jun Condominium, 42 Timog Ave., Quezon City*
252. TOMAS MAPUA - LAGUNA BRANCH - CBC Building, Tomas Mapua St., Sta. Cruz, Manila*
253. TOMAS MORATO - E. RODRIGUEZ BRANCH – #42 Metrofocus Bldg., Tomas Morato Avenue, Brgy. Kristong Hari, Quezon City*
254. TOMAS MORATO EXTENSION BRANCH – G/F QY Bldg., Tomas Morato Avenue, Brgy. South Triangle, Quezon City*
255. TRINOMA BRANCH - Unit P002, Level P1, Triangle North of Manila, North Ave. cor. EDSA, Brgy. Pag-asa, Quezon City*
256. TUTUBAN PRIME BLOCK BRANCH - Rivera Shophouse, Podium Area, Tutuban Center Prime Block, C.M. Recto Ave. cor. Rivera St., Manila*
257. UP TECHNO HUB BRANCH – UP Ayala Land Techno Hub, Commonwealth Ave., Quezon City*
258. UP VILLAGE – MAGINHAWA BRANCH - LTR Bldg, No. 46 Maginhawa St., UP Village, Quezon City*

259. V. LUNA BRANCH - G/F AGGCT Bldg. No. 32 V. Luna cor Matapat Sts., Brgy. Pinyahan, Quezon City**
260. VALENZUELA BRANCH – CBC Bldg., McArthur Highway cor. V. Cordero St., Marulas, Valenzuela City*
261. VALENZUELA - GEN. LUIS BRANCH – AGT Bldg., 425 Gen. Luis St., Paso de Blas, Valenzuela City*
262. VALENZUELA - MALINTA BRANCH – Jeep Center Bldg., MacArthur Highway, Brgy. Malinta, Valenzuela City*
263. VISAYAS AVE. BRANCH – CBC Bldg., Visayas Ave. cor. Congressional Ave. Ext., Quezon City*
264. WEST AVE. BRANCH - 82 West Ave., Brgy. Philam, Quezon City*
265. XAVIERVILLE BRANCH – G/F Lexington Condominium, 65 Xavierville Ave., Loyola Heights, Quezon City*
266. ZOBEL ROXAS BRANCH - 1247 Zobel Roxas Ave. corner Taal Street, Malate, Manila

Provincial Branches

1. ALBAY BRANCH - Rizal St. cor. Gov. Reynold Street, Old Albay District, Legazpi City, Albay*
2. ANGELES CITY BRANCH – CBC Bldg., 949 Henson St., Angeles City, Pampanga*
3. ANGELES CITY – BALIBAGO BRANCH - Diamond Square Bldg., Service Road McArthur Highway cor. Charlotte St., Balibago, Angeles City, Pampanga*
4. ANGELES CITY - MARQUEE MALL BRANCH – G/F Marquee Mall, Angeles City, Pampanga*
5. ANGELES - MCARTHUR HIGHWAY BRANCH – CBC Bldg., San Pablo St. cor. McArthur Highway, Brgy. CM Recto, Angeles City, Pampanga*
6. ANGELES - STO. ROSARIO BRANCH – Angeles Business Center Bldg., Teresa Ave., Nepo Mart Complex, Angeles City, Pampanga*
7. ANTIQUE - SAN JOSE BRANCH - Felrosa Bldg., Gen. Fullon St. cor. Cerdena St., San Jose, Antique*
8. APALIT BRANCH – CBC Bldg., McArthur Highway, San Vicente, Apalit, Pampanga*
9. BACOLOD - ARANETA BRANCH - CBC Bldg., Araneta cor. San Sebastian Sts., Bacolod City, Negros Occidental*
10. BACOLOD - LACSON BRANCH- GF Soliman Bldg., Lacson corner Luzuriaga Sts., Brgy. 29, Bacolod City, Negros Occidental*
11. BACOLOD - LIBERTAD BRANCH - Libertad St., Brgy. 40, Bacolod City, Negros Occidental*
12. BACOLOD – MANDALAGAN BRANCH – Azotea Bldg., Lacson St., Mandalagan, Bacolod City, Negros Occidental*
13. BACOLOD - NORTH DRIVE BRANCH – Unit 1, Anesa Bldg., B.S. Aquino Drive, Brgy. Villamonte, Bacolod City, Negros Occidental*
14. BAGUIO CITY BRANCH - G/F Juniper Bldg., A. Bonifacio St., Brgy. ACBR, Baguio City, Benguet*
15. BAGUIO CITY - ABANAO BRANCH – G/F Paladin Hotel, No. 136 Abanao Ext. cor. Cariño St., Baguio City, Benguet*
16. BALANGA CITY BRANCH - G/F Dilig Bldg., Don Manuel Banzon St., Balanga City, Bataan*
17. BALER BRANCH – Quezon St., Barrio Suklayain, Baler, Aurora**
18. BALIWAG BRANCH – Km. 51, Doña Remedios Trinidad (DRT) Highway, Baliwag Bulacan*
19. BATAAN - DINALUPIHAN BRANCH – GNI Building, San Ramon Highway corner Doña Rosa Street and Mabini Ext., Dinalupihan, Bataan*
20. BATANGAS CITY BRANCH - P. Burgos St., Brgy. 10, Poblacion, Batangas City, Batangas*
21. BATANGAS CITY – KUMINTANG ILAYA BRANCH – CBC Building, Brgy. Kumintang Ilaya, Batangas City, Batangas*
22. BATANGAS - BALAYAN BRANCH - CBC Building, Barrio Ermita, Balayan, Batangas*
23. BATANGAS - BAUAN BRANCH - 62 Kapitan Ponso St., Bauan, Batangas*
24. BATANGAS – LEMERY BRANCH – Miranda Bldg., Ilustre Ave. Lemery, Batangas*
25. BATANGAS - ROSARIO BRANCH - Dr. Gualberto Ave., Brgy. Namunga, Rosario, Batangas*
26. BATANGAS – SAN JUAN BRANCH – Rizal St. near corner Gen. Luna St., Poblacion, San Juan, Batangas*
27. BATANGAS - TANAUAN BRANCH - J.P Laurel Highway, Tanauan City, Batangas*
28. BAYBAY CITY BRANCH – Magsaysay Ave., Baybay City, Leyte*
29. BORONGAN BRANCH – Balud II, Poblacion Borongan, Eastern Samar*
30. BULACAN - BALAGTAS BRANCH – G/F D&A Bldg. II, McArthur Highway, Brgy. San Juan, Balagtas, Bulacan*
31. BULACAN – GUIGUINTO BRANCH – CBC Building, Cagayan Valley Road, Brgy. Sta. Rita, Guiguinto, Bulacan*
32. BULACAN - PLARIDEL BRANCH - CBC Building, Cagayan Valley Road, Plaridel, Bulacan*
33. BULACAN - STA. MARIA BRANCH - J.P Rizal cor. C. De Guzman St., Poblacion, Sta. Maria, Bulacan*
34. BUTUAN CITY BRANCH - CBC Building, J.C. Aquino Avenue, Butuan City, Agusan del Norte*
35. CABANATUAN CITY BRANCH - Melencio cor. Sanciangco Sts. Cabanatuan City, Nueva Ecija*
36. CABANATUAN - MAHARLIKA BRANCH – CBC Bldg., Maharlika Highway, Brgy. Dicarma, Cabanatuan City, Nueva Ecija*
37. CAGAYAN DE ORO - CARMEN BRANCH - G/F GT Realty Bldg., Max Suniel St. cor. Yakal St., Carmen, Cagayan De Oro City, Misamis Oriental*
38. CAGAYAN DE ORO - DIVISORIA BRANCH - RN Abejuela St., South Divisoria, Cagayan de Oro City, Misamis Oriental*
39. CAGAYAN DE ORO - GAISANO CITY MALL BRANCH - G/F Gaisano City Mall, C. M. Recto Ave. cor. Corrales Ext., Cagayan De Oro City, Misamis Oriental*
40. CAGAYAN DE ORO - LAPASAN BRANCH - CBC Bldg, Claro M. Recto Ave., Lapasan, Cagayan de Oro City, Misamis Oriental*

41. CAGAYAN DE ORO - PUERTO BRANCH - Luis A.S. Yap Building, Sayre Highway, Zone 6, Brgy. Puerto, Cagayan De Oro City, Misamis Oriental*
42. CALAPAN BRANCH – J.P. Rizal St., San Vicente, Calapan City, Oriental Mindoro*
43. CALBAYOG BRANCH - Cajurao cor. Gomez Sts., Balud, Calbayog Dist., Calbayog City, Samar*
44. CAMALANIUGAN BRANCH - CBC Building, National Highway, Brgy. Dugo, Camalaniugan, Cagayan*
45. CANDON CITY BRANCH - CBC Bldg., National Road, San Isidro, Candon City, Ilocos Sur*
46. CARMONA BRANCH – CBC Bldg, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite*
47. CATARMAN BRANCH – Cor. Rizal & Quirino Sts, Brgy. Jose P. Rizal, Catarman, Northern Samar*
48. CATBALOGAN BRANCH - CBC Bldg. Del Rosario St. cor. Taft Ave., Catbalogan City, Samar*
49. CAUAYAN CITY BRANCH - G/F Prince Christopher Bldg. Maharlika Highway, Cauayan City, Isabela*
50. CAVITE - DASMARIÑAS BRANCH - G/F CBC Bldg., Gen. E. Aguinaldo Highway, Dasmariñas, Cavite**
51. CAVITE – GEN. TRIAS BRANCH – Lot 12 Brookeside Lane 5 Arnaldo Highway, Brgy. San Francisco, Gen. Trias City, Cavite*
52. CAVITE - IMUS BRANCH - G/F CBC Bldg., Nueno Ave., Tanzang Luma, Imus, Cavite*
53. CAVITE - MOLINO BRANCH - Patio Jacinto, Molino Road, Molino 3, Bacoor, Cavite*
54. CAVITE - ROSARIO BRANCH - G/F CBC Bldg., Gen Trias Drive, Rosario, Cavite*
55. CAVITE - SILANG BRANCH - CBC Building, J.P Rizal St., Poblacion, Silang, Cavite*
56. CAVITE - SM CITY BACOOR BRANCH - LGF SM City Bacoor Tirona Highway cor. Aguinaldo Highway Bacoor, Cavite*
57. CEBU - AYALA BRANCH - Unit 101 G/F Insular Life Cebu Business Center, Mindanao Ave. cor. Biliran Road, Cebu Business Park, Cebu City, Cebu*
58. CEBU - BANAWA BRANCH - G/F The J Block, Duterte St., Banawa, Guadalupe, Cebu City, Cebu*
59. CEBU - BANILAD BRANCH - CBC Bldg., A.S. Fortuna St., Banilad, Cebu City, Cebu*
60. CEBU – BASAK - SAN NICOLAS BRANCH – Bai Center, N. Bacalso Ave., Brgy. Basak San Nicolas, Cebu City, Cebu*
61. CEBU - BOGO BRANCH – G/F SIM Bldg., P. Rodriguez St., Bogo City Cebu*
62. CEBU BUSINESS CENTER BRANCH – G/F Chinabank Corporate Center, Samar Loop cor. Panay Road, Cebu Business Park, Cebu City, Cebu*
63. CEBU - CARCAR BRANCH – Dr. Jose Rizal St, Poblacion I, Carcar, Cebu City, Cebu*
64. CEBU - CONSOLACION BRANCH – G/F SM City Consolacion, Brgy. Lamac, Consolacion, Cebu*
65. CEBU - ESCARIO BRANCH - Units 3 & 5, Escario Central, Escario Road, Cebu City, Cebu*
66. CEBU - F. RAMOS BRANCH – G/F Cebu Velez Hospital, 41-3 F. Ramos St., Brgy. Cogon, Cebu City, Cebu*
67. CEBU - GORORDO BRANCH – No 424, Gorordo Ave., Bo. Kamputhaw, Cebu City, Cebu*
68. CEBU - GUADALUPE BRANCH – CBC Bldg., M. Velez St., cor. V. Rama Ave., Guadalupe, Cebu City, Cebu*
69. CEBU - IT PARK BRANCH – G/F, The Link, Cebu IT Park, Apas, Cebu City, Cebu*
70. CEBU - LAHUG BRANCH - JY Square Mall, No. 1 Salinas Dr., Lahug, Cebu City, Cebu*
71. CEBU - LAPU LAPU PUSOK BRANCH - G/F Goldberry Suites, President Quezon National Highway, Pusok, Lapu-Lapu City,Cebu*
72. CEBU - LAPU LAPU CENTRO BRANCH – A. Geson Bldg., G.Y Dela Serna St., Poblacion, Lapu Lapu City, Cebu*
73. CEBU - MAGALLANES BRANCH - CBC Bldg., Magallanes cor. Jakosalem Sts., Brgy. Sto. Niño, Cebu City, Cebu*
74. CEBU - MANDAUE BRANCH – SV Cabahug Bldg., 155-B SB Cabahug St., Brgy. Centro, Mandaue City, Cebu*
75. CEBU - MANDAUE CABANCALAN BRANCH – G/F A. Geson Bldg., M.L. Quezon St., Cabancalan, Mandaue City, Cebu*
76. CEBU - MANDAUE – J. CENTRE MALL BRANCH – LGF J Centre Mall, A.S. Fortuna Ave., Bakilid Mandaue City, Cebu*
77. CEBU - MANDAUE NORTH ROAD BRANCH - G/F Basak Commercial Bldg., North Road, Tabok, Mandaue City, Cebu*
78. CEBU - MANDAUE NRA BRANCH - G/F Bai Hotel Cebu, Ouano Ave. cor. Seno Blvd, North Reclamation Area, Mandaue City, Cebu*
79. CEBU - MINGLANILLA BRANCH – Unit 9 Plaza Margarita, Lipata, Minglanilla, Cebu*
80. CEBU - NAGA BRANCH - Leah's Square, National South Highway, East Poblacion, Naga City, Cebu*
81. CEBU - SM CITY BRANCH - UGF SM City Cebu, Juan Luna cor. A. Soriano Ave., North Reclamation Area, Brgy. Mabolo, Cebu City, Cebu**
82. CEBU - SM SEASIDE CITY BRANCH - LGF SM Seaside City, Cebu South Road Properties, Mambaling, Cebu City, Cebu*
83. CEBU - SUBANGDAKU BRANCH - G/F A.D. Gothong I.T. Center, Subangdaku, Mandaue City, Cebu*
84. CEBU - TALAMBAN BRANCH - Unit UG-7 Gaisano Grand Mall Talamban, Gov. Cuenco Ave., Brgy. Talamban, Cebu City, Cebu*
85. CEBU - TALISAY BRANCH - CBC Bldg., 1055 Cebu South National Road Bulacao, Talisay City, Cebu*
86. CLARK FREEPORT ZONE BRANCH – G/F Stotsenberg Lifestyle Center, N. Aquino corner S. Osmeña & E. Jacinto Sts., , Clark Freeport Zone, Angeles City, Pampanga*
87. COTABATO CITY BRANCH - No. 76 S.K. Pendatun Ave., Cotabato City, Maguindanao*
88. DAET BRANCH – Vinzons Ave., Daet, Camarines Norte*
89. DAGUPAN - M.H.DEL PILAR BRANCH – Carried Realty Bldg., No. 28 M.H. del Pilar St., Dagupan City, Pangasinan*
90. DAGUPAN - PEREZ BRANCH – GF Siapno Bldg., Perez Boulevard, Brgy. Pogo Chico, Dagupan City, Pangasinan*
91. DAVAO - BAJADA BRANCH – B.I. Zone Bldg., J.P. Laurel Ave., Bajada, Davao City, Davao del Sur*

92. DAVAO - BUHANGIN BRANCH – Buhangin Road, Davao City, Davao del Sur*
93. DAVAO – CALINAN BRANCH - Davao-Bukidnon National Hway – Riverside, Calinan Proper, Davao City, Davao del Sur**
94. DAVAO - INSULAR VILLAGE BRANCH – Km. 8, Insular Village I, Lanang, Davao City, Davao del Sur*
95. DAVAO - MA-A BRANCH - G/F Lapeña Bldg., Mac Arthur Highway, Matina, Davao City, Davao del Sur*
96. DAVAO - MATINA BRANCH – Km. 4 McArthur Highway, Matina, Davao City, Davao del Sur*
97. DAVAO - MONTEVERDE BRANCH - Doors 1 & 2, Sunbright Bldg., Monteverde St., Brgy. 27-C, Poblacion District, Davao City, Davao del Sur*
98. DAVAO – PANABO BRANCH –Grajeda Bldg (Major Building),Quezon St., Brgy New Pandan, Panabo City, Davao del Norte
99. DAVAO - RECTO BRANCH - CBC Bldg., C.M. Recto Ave. cor. J. Rizal St. Davao City, Davao del Sur*
100. DAVAO - SM LANANG BRANCH - G/F SM Lanang Premier, J.P. Laurel Ave., Davao City, Davao del Sur*
101. DAVAO - STA. ANA BRANCH - R. Magsaysay Ave. cor. F. Bangoy St., Sta. Ana District, Davao City, Davao del Sur*
102. DAVAO - TAGUM BRANCH - 153 Pioneer Ave., Tagum, Davao del Norte*
103. DAVAO – TORIL BRANCH – JFI Building, Mc Arthur Highway cor. St. Peter St., Crossing Bayabas, Toril, Davao City, Davao del Sur*
104. DIPOLOG CITY BRANCH – CBC Bldg., Gen Luna cor. Gonzales Sts. Dipolog City, Zamboanga del Norte*
105. DOLORES BRANCH - CBC Bldg., McArthur Highway, Dolores, City of San Fernando, Pampanga*
106. DUMAGUETE CITY BRANCH – CBC Bldg., Real St.,Dumaguete City, Negros Oriental*
107. GAPAN BRANCH – G/F Walter Mart Center - Gapan, Maharlika Highway, Brgy. Bayanihan, Gapan, Nueva Ecija*
108. GEN. SANTOS CITY BRANCH - CBC Bldg., I. Santiago Blvd., Gen. Santos City South Cotabato*
109. GEN. SANTOS CITY – DADIANGAS BRANCH - M. Roxas Ave. corner Lapu-Lapu Street, Brgy. Dadiangas East, General Santos City, South Cotabato*
110. GUAGUA BRANCH – Yabut Bldg., Plaza Burgos, Guagua, Pampanga*
111. ILIGAN CITY BRANCH – Lai Bldg., Quezon Ave. Extension, Pala-o, Iligan City, Lanao del Norte*
112. ILIGAN CITY - SOLANA DISTRICT BRANCH Andres Bonifacio Highway, Brgy. San Miguel, Iligan City, Lanao del Norte*
113. ILOCOS NORTE - SAN NICOLAS BRANCH - National Highway, Brgy. 2, San Baltazar, San Nicolas, Ilocos Norte*
114. ILOILO - IZNART BRANCH - G/F John A. Tan Bldg., Iznart St., Iloilo City, Iloilo*
115. ILOILO – JARO BRANCH – CBC Bldg., E. Lopez St., Iloilo City, Iloilo*
116. ILOILO - MABINI BRANCH – A. Mabini St., Iloilo City, Iloilo*
117. ILOILO - MANDURRIAO BRANCH – Injap Bldg., Benigno Aquino Ave., Brgy, San Rafael, Mandurriao, Iloilo City, Iloilo*
118. ILOILO - RIZAL BRANCH – CBC Bldg., Rizal cor. Gomez Sts., Brgy. Ortiz, Iloilo City, Iloilo*
119. IRIGA CITY BRANCH Highway 1, JP Rizal St., San Roque, Iriga City, Camarines Sur*
120. ISABELA - ILAGAN BRANCH - G/F North Star Mall, Maharlika Highway, Brgy. Alibagu, Ilagan, Isabela*
121. ISABELA – ROXAS BRANCH – National Road, Brgy. Bantug, Roxas, Isabela*
122. KALIBO BRANCH - Aklan Catholic College, Arch. Gabriel M. Reyes St., 5600,Kalibo, Aklan*
123. KIDAPAWAN CITY BRANCH - G/F EVA Bldg., Quezon Blvd. cor. Tomas Claudio St., National Highway, Kidapawan City, Cotabato*
124. KORONADALCITY BRANCH – G/F LBU Bldg., Gen. Santos Drive cor. Aquino St. Koronadal City, South Cotabato*
125. LA TRINIDAD BRANCH - G/F SJV Bulasao Bldg., Km. 4, La Trinidad, Benguet*
126. LA UNION - AGOO BRANCH - National Highway, San Jose Norte, Agoo, La Union*
127. LA UNION - SAN FERNANDO BRANCH – Roger Pua Phee Bldg., National Highway, Brgy. 3, San Fernando, La Union*
128. LAGUNA - BIÑAN BRANCH - G/F Raja Cordelle Bldg, National Highway, Brgy. San Vicente, Biñan, Laguna*
129. LAGUNA - CABUYAO BRANCH - G/F Centro Mall, Pulo, Cabuyao City, Laguna*
130. LAGUNA - CALAMBA BRANCH – CBC Bldg., National Highway, Crossing, Calamba, Laguna*
131. LAGUNA - LOS BAÑOS BRANCH - National Road, San Antonio, Los Baños, Laguna*
132. LAGUNA - SAN PEDRO BRANCH - No. 365 National Highway, Brgy. Nueva, San Pedro City, Laguna*
133. LAGUNA - STA. CRUZ BRANCH - A. Regidor St., Sta. Cruz, Laguna*
134. LAOAG CITY BRANCH - Liberato Abadilla St., Brgy 17, San Francisco, Laoag City, Ilocos Norte*
135. LEGAZPI CITY BRANCH - G/F Emma Chan Bldg., F. Imperial St., Legazpi City, Albay*
136. LIPA CITY - TAMBO BRANCH - President Jose P. Laurel Highway,Tambo, Lipa City, Batangas*
137. LUCENA CITY BRANCH – 223 Quezon Ave., Lucena City, Quezon*
138. MAASIN CITY BRANCH - G/F SJC Bldg., Tomas Oppus St., Brgy. Tunga-Tunga, Maasin City, Southern Leyte*
139. MABALACAT - DAU BRANCH - R.D. Policarpio Bldg., McArthur Highway, Dau, Mabalacat, Pampanga*
140. MALAYBALAY CITY BRANCH – Bethelda Bldg., Sayre Highway, Malaybalay City, Bukidnon*
141. MALOLOS CITY BRANCH - G/F Graceland Mall, BSU Grounds, McArthur Highway, Guinhawa, Malolos City, Bulacan
142. MARILAO BRANCH - G/F, SM City Marilao Km. 21, Brgy. Ibayo, Marilao, Bulacan*
143. MARIVELES - FAB BRANCH – GF Tamayo's Building, Avenue of the Phils., Brgy. Malaya, Freeport Area of Bataan (FAB), Mariveles, Bataan*
144. MASBATE BRANCH – Espinosa Bldg., Zurbito St., Masbate City, Masbate*

145. MEYCAUAYAN BRANCH - CBC Bldg., Malhacan Road, Meycauayan, Bulacan*
146. MIDSAYAP BRANCH - CBC Building, Quezon Ave., Poblacion 2, Midsayap, Cotabato*
147. NAGA CITY BRANCH – CBC Building, Penafrancia St., Naga City, Camarines Sur*
148. NEGROS OCCIDENTAL - KABANKALAN BRANCH - CBC Bldg., National Hway, Brgy. 1, Kabankalan, Negros Occidental*
149. NEGROS OCCIDENTAL – SAN CARLOS BRANCH – Rizal cor. Carmona Sts., San Carlos City, Negros Occidental*
150. NUEVA ECIJA – STA ROSA BRANCH - CBC Bldg., Maharlika Highway, Poblacion, Sta Rosa, Nueva Ecija*
151. OCCIDENTAL MINDORO - SAN JOSE BRANCH - Liboro cor. Rizal St., San Jose, Occidental Mindoro*
152. OLONGAPO – DOWNTOWN BRANCH – CBC Building, No. 2 corner 20th St., East Bajac-Bajac, Olongapo City, Zambales*
153. ORMOC CITY BRANCH – CBC Bldg., Real cor. Lopez Jaena Sts., Ormoc City, Leyte*
154. OZAMIZ CITY BRANCH - Gomez corner Kaamino Streets, Ozamiz City, Misamis Oriental*
155. PAGADIAN CITY BRANCH – Marasigan Bldg., F.S. Pajares Ave., Pagadian City, Zamboanga del Sur*
156. PANGASINAN - ALAMINOS CITY BRANCH – Marcos Ave., Brgy, Palamis, Alaminos City, Pangasinan*
157. PANGASINAN - BAYAMBANG BRANCH - CBC Bldg., No. 91, Poblacion Sur, Bayambang, Pangasinan*
158. PANGASINAN - ROSALES BRANCH - CBC Building, Calle Dewey, Rosales, Pangasinan*
159. PANGASINAN - URDANETA BRANCH – EF Square Bldg., MacArthur Highway, Poblacion, Urdaneta City, Pangasinan*
160. PASEO DE STA. ROSA BRANCH - Unit 3, Paseo 5, Paseo de Sta. Rosa, Sta. Rosa City, Laguna*
161. PUERTO PRINCESA CITY BRANCH – Malvar St. near cor. Valencia St., Puerto Princesa City, Palawan*
162. QUEZON - CANDELARIA BRANCH - Pan Philippine Highway cor. Del Valle Street, Poblacion, Candelaria, Quezon*
163. ROXAS CITY BRANCH - 1063 Roxas Ave. cor. Bayot Drive, Roxas City, Capiz*
164. SAN FERNANDO BRANCH - CBC Bldg., V. Tiomico St. City of San Fernando, Pampanga*
165. SAN FERNANDO - SINDALAN BRANCH – Jumbo Jenra Sindalan, Brgy. Sindalan, San Fernando City, Pampanga*
166. SAN JOSE CITY BRANCH – Maharlika Highway, Brgy. Malasin, San Jose City, Nueva Ecija*
167. SAN PABLO CITY BRANCH – M. Paulino St., San Pablo City, Laguna*
168. SANTIAGO CITY BRANCH - Navarro Bldg., Maharlika Highway near cor. Bayaua St., Santiago City, Isabela*
169. SILAY CITY BRANCH – Rizal St., Silay City, Negros Occidental*
170. SM CITY CABANATUAN – UGF SM City Cabanatuan, Maharlika Highway, Brgy. H. Concepcion, Cabanatuan City, Nueva Ecija*
171. SM CDO DOWNTOWN PREMIER BRANCH - G/F SM CDO Downtown Premier, Claro M. Recto Ave., , Cagayan de Oro City, Misamis Oriental*
172. SM CITY CLARK BRANCH - G/F SM City Clark, M. Roxas St., CSEZ, Angeles City, Pampanga**
173. SM CITY DASMARIÑAS BRANCH – LGF SM City Dasmariñas, Gov Drive, Pala-Pala, City of Dasmariñas, Cavite*
174. SM CITY LIPA BRANCH - G/F SM City Lipa, J.P. Laurel Highway, Brgy. Maraouy, Lipa City, Batangas*
175. SM CITY NAGA BRANCH - SM City Naga, CBD II, Brgy. Triangulo, Naga City, Camarines Sur*
176. SM CITY OLONGAPO CENTRAL BRANCH - G/F SM City Olongapo Central, East Tapinac, Olongapo City, Zambales*
177. SM CITY PAMPANGA BRANCH - Unit AX3 102, Bldg. 4, SM City Pampanga, Mexico, Pampanga*
178. SM CITY SAN JOSE DEL MONTE BRANCH - UGF SM City San Jose Del Monte, Quirino Highway, Brgy. Tungkong Mangga, San Jose Del Monte City, Bulacan*
179. SM CITY SAN PABLO BRANCH - G/F SM City San Pablo, National Highway, Brgy. San Rafael, San Pablo City, Laguna*
180. SM CITY STA. ROSA BRANCH - G/F SM City Sta. Rosa, Bo. Tagapo, Sta. Rosa, Laguna*
181. SM CITY TELABASTAGAN BRANCH – G/F SM City Telabastagan, San Fernando City, Pampanga*
182. SOLANO BRANCH – National Highway, Brgy. Quirino, Solano, Nueva Vizcaya*
183. SORSOGON BRANCH - CBC Bldg., Ramon Magsaysay Ave., Sorsogon City, Sorsogon*
184. SUBIC BAY FREEPORT ZONE BRANCH – CBC Bldg, Rizal Highway, Subic Bay Gateway Park, Subic Bay Freeport Zone, Zambales*
185. SURIGAO CITY BRANCH – CBC Bldg., Amat St., Barrio Washington, Surigao City, Surigao Del Norte*
186. TABACO CITY BRANCH – Ziga Ave. cor. Berces St., Tabaco City, Albay*
187. TACLOBAN CITY BRANCH – Uytingkoc Bldg., Avenida Veteranos,Tacloban City, Leyte*
188. TAGAYTAY CITY BRANCH – Foggy Heights Subdivision, E. Aguinaldo Highway, Tagaytay City, Cavite*
189. TAGBILARAN CITY BRANCH - G/F Melrose Bldg., Carlos P. Garcia Ave.,Tagbilaran City, Bohol*
190. TALAVERA BRANCH – CBC Bldg., Maharlika Highway, Marcos District, Talavera, Nueva Ecija*
191. TARLAC - BAMBAN BRANCH - National Road, Bgry. Anupul, Bamban, Tarlac*
192. TARLAC - CAMILING BRANCH - Sun Plaza, Romulo St., Poblacion, Camiling Tarlac*
193. TARLAC - CONCEPCION BRANCH - G/F Descanzo Bldg., F. Timbol St., San Nicolas, Poblacion, Concepcion, Tarlac*
194. TARLAC - PANIQUI BRANCH – G/F Cedasco Bldg., M. H del Pilar St., Poblacion, Paniqui, Tarlac*
195. TARLAC BRANCH – CBC Bldg., Panganiban near cor. F. Tañedo St., Tarlac City, Tarlac*
196. TARLAC - SAN RAFAEL BRANCH - CBC Building, MacArthur Highway, San Rafael, Tarlac City, Tarlac*
197. THE DISTRICT IMUS BRANCH - G/F The District Imus, Emilio Aguinaldo Highway, Anabu II, Imus, Cavite*
198. TRECE MARTIRESBRANCH - G/F Walter Mart, Governor’s Drive cor. City Hall Road, Brgy. San Agustin, Trece Martires City, Cavite*
199. TUGUEGARAO - BALZAIN BRANCH – Balzain Highway, Tuguegarao City, Cagayan*

200. TUGUEGARAO CITY BRANCH - A. Bonifacio St., Tuguegarao, Cagayan *
201. VALENCIA BRANCH – A. Mabini St., Valencia, Bukidnon*
202. VIGAN CITY BRANCH – Burgos St. near cor. Rizal St., Vigan City, Ilocos Sur*
203. VIRAC BRANCH – Quezon Avenue, Brgy. Salvacion, Virac, Catanduanes*
204. ZAMBALES - BOTOLAN BRANCH – National Highway, Brgy. Batonlapoc, Botolan, Zambales*
205. ZAMBOANGA CITY BRANCH – CBC Bldg., Gov. Lim Ave. cor. Nuñez St., Zone III, Zamboanga City, Zamboanga del Sur*
206. ZAMBOANGA - GUIWAN BRANCH - G/F Yang's Tower, Ma. Clara Lorenzo Lobregat National Highway, Guiwan, Zamboanga City, Zamboanga del Sur*
207. ZAMBOANGA - SAN JOSE GUSU BRANCH - Yubenco Star Mall, San Jose Gusu, Zamboanga City, Zamboanga del Sur**

CHINA BANK SAVINGS, INC.

Metro Manila Branches

1. ACACIA ESTATES -SAVEMORE BRANCH - Acacia Town Center, Acacia Estates, Ususan, Taguig City*
2. AYALA BRANCH - 6772 Ayala Ave., Makati City**
3. ADRIATICO -SM HYPERMARKET BRANCH – Adriatico St., Malate, Manila*
4. ALABANG- GF / Common Goal Bldg., Finance cor. Industry Sts., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
5. AMANG RODRIGUEZ- SAVEMORE BRANCH – G/F GBU Bldg. Amang Rodriguez Ave cor. Evangelista St. Santolan, Pasig City*
6. AMORANTO AVENUE – Unit 101 R. Place Building, 255 N.S Amoranto Sr. Avenue, Quezon City*
7. ANONAS - SAVEMORE BRANCH - V. Luna St. corner Anonas Extension, Sikatuna Village, Quezon City*
8. ARANETA CENTER COD - SAVEMORE BRANCH - Gen. Romulo St., Araneta Center, Cubao, Quezon City*
9. BACLARAN – 3751 Quirino Avenue cor. Sta. Rita St., Baclaran, Parañaque City*
10. BANAWE- Nos. 247-249 Banawe St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City*
11. BANGKAL- GF / Amara Bldg., 1661 Evangelista St., Bangkal, Makati City*
12. BLUMENTRITT - Blumentritt St. near Oroquieta St. Sta. Cruz, Manila*
13. BINONDO – JUAN LUNA – 694-696 Juan Luna St., Binondo, Manila
14. BONI AVENUE – Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City*
15. BUENDIA- Main Branch, 314 Sen. Gil J. Puyat Ave., Makati City**
16. COMMONWEALTH AVENUE - JocFer Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City *
17. CUBAO- Fernandina 88 Suites, 222 P. Tuazon Boulevard, Cubao, Quezon City*
18. DEL MONTE- 392 Del Monte Ave., Brgy. Sienna, Quezon City*
19. DIVISORIA – 3/F Dragon 8 Shopping Center, C.M Recto Avenue cor. Dagupan St., Divisoria Manila*
20. E. RODRIGUEZ SR. - HEMADY - E. Rodriguez, Sr. cor Hemady St., Quezon City *
21. ESPAÑA - SUNMALL, Espana Boulevard corner Mayon St., Manila *
22. FELIX HUERTAS - JT Centrale Mall, 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila *
23. FILINVEST CORPORATE CITY BR - BC Group Bldg., East Asia Drive near cor. Comm. Ave., Filinvest Corp City, Alabang, Muntinlupa City*
24. FTI-TAGUIG -SM HYPERMARKET BRANCH - DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig*
25. G. ARANETA AVENUE – 195 G. Araneta Avenue, Quezon City*
26. GIL PUYAT-BAUTISTA – Lot 25 Blk 74 Bautista St. cor. Buendia Avenue, Makati City*
27. GREENHILLS-ORTIGAS AVENUE - VAG Bldg., Ortigas Ave., Greenhills, San Juan, Metro Manila*
28. GREENHILLS-WILSON BRANCH - 219 Wilson St., Greenhills, San Juan*
29. GUIGUINTO-RIS - RIS-5 Industrial Complex, 68 Mercado St., Tabe, Guiguinto, Bulacan
30. KALOOKAN BRANCH - Augusto Bldg., Rizal Ave., Grace Park, Kalookan City*
31. KALOOKAN-A. MABINI- AJ Bldg., 353 A. Mabini St., Kalookan City*
32. KATIPUNAN – One Burgundy Condominium, Katipunan Avenue, Quezon City*
33. LAGRO- Bonanza Bldg., Quirino Highway, Greater Lagro, Novaliches, Quezon City*
34. LAS PIÑAS – ALMANZA UNO BRANCH - Alabang Zapote Road, Almanza Uno, Las Piñas City*
35. MAKATI-CHINO ROCES BRANCH - 2176 Chino Roces Ave., Makati City*
36. MAKATI-J.P. RIZAL BRANCH - 882 J.P. Rizal St., Makati City*
37. MALABON -SAVEMORE - Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon*
38. MANDALUYONG- Paterno's Bldg., 572 New Panaderos St., Brgy. Pag-asa, Mandaluyong City*
39. MANDALUYONG-SHAW BOULEVARD BRANCH – 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City*
40. MANILA - STA.ANA - SAVEMORE BRANCH - Savemore, Pedro Gil St., Sta. Ana, Manila *
41. MARIKINA BRANCH - 33 Bayan-Bayanan Ave., Brgy. Concepcion 1, Marikina City*

42. MARIKINA-GIL FERNANDO AVENUE - CTP Bldg., Gil Fernando Ave., Brgy. San Roque, Marikina City*
43. MUÑOZ – JACKMAN BRANCH - Jackman Plaza, Lower Ground Floor, EDSA-Munoz, Quezon City*
44. NEPA-Q-MART -SAVEMORE BRANCH - Rose Bldg., 770 St. EDSA and K-G St., West Kamias, Quezon City*
45. NINOY AQUINO AVENUE- Ground Floor Skyfreight Bldg., Ninoy Aquino Ave. cor. Pascor Drive, Parañaque City*
46. ORTIGAS BRANCH - Ground Floor, Hanston Square, San Miguel Ave., Ortigas Center, Pasig City*
47. PARAÑAQUE - BETTER LIVING - 90 Dona Soledad Avenue, Better Living Subdivision, Parañaque*
48. PARAÑAQUE - BF HOMES BRANCH - 284 Aguirre Ave., B.F. Homes, Paranaque*
49. PARAÑAQUE-JAKA - Jaka Plaza Center, Dr. A. Santos Ave. (Sucat Road), Brgy. San Isidro, Parañaque City*
50. PARAÑAQUE - LA HUERTA – 1070 Quirino Ave., La Huerta, Paranaque City*
51. PARAÑAQUE – MOONWALK – Kassel Residence Building, E. Rodriguez Avenue, Moonwalk Parañaque City*
52. PASAY-LIBERTAD – 533 Cementina St. Libertad, Pasay City*
53. PASIG CANIOGAN - KSN Building, C. Raymundo Avenue, Caniogan, Pasig City *
54. PASIG-MUTYA – Richcrest Building, Caruncho corner Market Avenue, San Nicolas, Pasig City*
55. PASIG – PADRE BURGOS BRANCH - 114 Padre Burgos St., Kapasigan, Pasig City*
56. PASO DE BLAS- Andok's Bldg., 629 General Luis St., Malinta Interchange-NLEX, Paso de Blas, Valenzuela City*
57. PATEROS BRANCH - 500 Elisco Rd., Sto. Rosario, Pateros*
58. PATEROS-ALMEDA - 120 Almeda St., Pateros, Metro Manila*
59. PEDRO GIL - LKE Bldg. Pedro Gil corner Pasaje, Rosario st. Paco, Manila
60. PLAZA STA. CRUZ BRANCH – MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila*
61. QUEZON AVENUE BRANCH - G/F GJ Bldg., 385 Quezon Ave., Quezon City*
62. QUEZON AVENUE-PALIGSAHAN - 1184-A Ben-Lor Bldg., Quezon Ave., Brgy. Paligsahan, Quezon City*
63. QUIAPO – ECHAGUE - Palanca corner P. Gomez streets, Echague, Quiapo, City of Manila
64. QUIAPO – QUEZON BLVD. – 416 Quezon Boulevard, Quiapo Manila*
65. RADA- LEGASPI - HRC Center , 104 Rada St., Legaspi Village, Makati City*
66. ROOSEVELT – 342 Roosevelt Avenue, Quezon City*
67. SAN JUAN - Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan*
68. SOUTH TRIANGLE - Ground Floor, SUNNYMEDE IT CENTER, Brgy. South Triangle, Quezon Ave., QC
69. STA. MESA - 4128 Ramon Magsaysay Blvd., Sta. Mesa Manila*
70. TANDANG SORA – Cecileville Bldg. III, 670 Tandang Sora Ave. corner General Ave., Tandang Sora, Quezon City*
71. TAYUMAN – 1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila*
72. TIMOG- Jenkinsen Towers, 80 Timog Ave., Brgy. Sacred Heart, Quezon City*
73. TWO E-COM – Two E-Com Center Tower B, Ocean Drive near cor. Bayshore Ave., Mall of Asia Complex, Pasay City*
74. UN AVENUE- 552 U.N. Ave., Ermita, Manila*
75. VALENZUELA-MARULAS- Ong-Juanco Bldg., 92 - J McArthur Highway, Marulas, Valenzuela City*
76. VISAYAS AVENUE- Wilcon City Center Mall, Visayas Ave., Quezon City*
77. ANTIPOLO- EMS Bldg., M.L. Quezon St. cor. F. Dimanlig St., Antipolo City, Rizal*
78. ANGONO- Manila East Road cor. Don Benito St., Brgy. San Roque, Angono, Rizal*
79. TAYTAY BRANCH - C. Gonzaga Bldg. II, Manila East Road, Taytay, Rizal*

Provincial Branches

1. ANGELES-RIZAL AVENUE - 639 Rizal St., Angeles City*
2. ARAYAT BRANCH - Cacutud, Arayat, Pampanga*
3. BACOLOD BRANCH - SKT Saturn Bldg., Lacson cor. Rizal Sts., Bacolod City*
4. BACOOR - TALABA - Coastal Road cor. Aguinaldo Highway, Brgy. Talaba VII, Bacoor City, Cavite*
5. BAGUIO - SESSION - B108 Lopez Bldg., Session Road, Baguio City*
6. BALAGTAS- McArthur Highway, Wawa, Balagtas,Bulacan*
7. BALANGA - DM BANZON - D.M. Banzon St., Balanga City*
8. BALIBAGO- JEV Bldg., McArthur Highway, Balibago, Angeles City*
9. BALIUAG- Plaza Naning, Poblacion, Baliuag, Bulacan*
10. BATANGAS - P. BURGOS - No. 3 P. Burgos St., Batangas City*
11. BIÑAN- Nepa Highway, San Vicente, Biñan, Laguna*
12. CABANATUAN-BAYAN - Burgos Ave., Cabanatuan City, Nueva Ecija*
13. CAGAYAN DE ORO BRANCH - Sergio Osmeña St., Cogon District, Cagayan de Oro City*
14. CALAMBA BRANCH - HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna*
15. CAVITE CITY - 485 P. Burgos St., Brgy. 34, Caridad, Cavite City*
16. CEBU – MANDAUE BRANCH - A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu*

17. CEBU – MANGO AVENUE, JSP Mango Plaza, Gen. Maxilom Ave. cor. Echavez St., Cebu City*
18. CEBU-LAHUG BRANCH - G/F Skyrise IT Bldg., Brgy. Apas, Lahug, Cebu City*
19. CEBU-MANDAUE BASAK - Co Tiao King Bldg., Cebu North Road Basak, Mandaue City*
20. DAGUPAN BRANCH - G/F Lyceum-Northwestern University, Tapuac District, Dagupan City*
21. DARAGA BRANCH - Rizal St., Brgy. San Roque, Daraga, Albay, Bicol*
22. DASMARIÑAS- Veluz Plaza Bldg., Zone I, Aguinaldo Highway, Dasmariñas City, Cavite*
23. DAU BRANCH - MacArthur Highway, Dau, Mabalacat, Pampanga*
24. DAVAO – RECTO- C. M Ville Abrille Bldg., C. M. Recto St. Davao City*
25. DAVAO BRANCH - G/F 8990 Corporate Center, Quirino Ave., Davao City*
26. DOLORES- STCI Bldg., McArthur Highway, San Agustin, City of San Fernando, Pampanga*
27. GENERAL SANTOS- I. Santiago Boulevard General, Santos City*
28. GUAGUA BRANCH - Plaza Burgos, Guagua, Pampanga*
29. ILOILO – JARO BRANCH - Lopez Jaena cor. EL 98 Sts., Jaro, Iloilo*
30. ILOILO – IZNART - Golden Commercial Center Bldg, Iznart St. Iloilo City*
31. IMUS- TANZANG LUMA - Tanzang Luma, Aguinaldo Highway, Imus City, Cavite*
32. KALIBO-CITYMALL – F. Quimpo St. connecting Mabini and Toting Reyes Streets, Kalibo, Aklan*
33. LA UNION- AG Zambrano Bldg., Quezon Ave., San Fernando City, La Union*
34. LAGUNA-STA. CRUZ - E & E Building, Pedro Guevarra St., Sta. Cruz, Laguna.*
35. LAOAG - J.P Rizal St. corner Balintawak St. Laoag City, Ilocos Norte*
36. LEGAZPI CITY - F. Imperial Street, Barangay Bitano, Legazpi City*
37. LINGAYEN - Unit 5-6, The Hub - Lingayen Building , National Road, Poblacion, Lingayen, Pangasinan
38. LIPA - CM RECTO - C.M. Recto Ave., Lipa City*
39. LOS BAÑOS-CROSSING- Lopez Ave., Batong Malaki, Los Baños, Laguna*
40. LUCENA- Merchan cor., Evangelista St., Lucena City*
41. MACABEBE BRANCH - Poblacion, Macabebe, Pampanga*
42. MALOLOS BRANCH - Canlapan St., Sto. Rosario, Malolos City, Bulacan*
43. MALOLOS-CATMON - Paseo del Congreso, Catmon, City of Malolos, Bulacan*
44. MEYCAUAYAN- Mancon Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan*
45. MOLINO-BACOOR - 817 Molino Road Molino III, Bacoor, Cavite*
46. MOUNT CARMEL- AMB Bldg., Km. 78 McArthur Highway, Brgy. Saguin, City of San Fernando, Pampanga*
47. NAGA BRANCH - RL Bldg., Panganiban St., Lerma, Naga City*
48. OLONGAPO BRANCH - Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City*
49. ORANI BRANCH - Brgy. Balut, Orani, Bataan**
50. PLARIDEL- 0226 Cagayan Valley Road, Banga 1st, Plaridel, Bulacan*
51. PORAC BRANCH - Cangatba, Porac, Pampanga*
52. ROXAS AVE.-CAPIZ CITYMALL - Roxas Ave, brgy VI, Roxas City, Capiz
53. SAN FERNANDO BRANCH - KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga*
54. SAN FERNANDO – BAYAN BRANCH - JSL Building, Consunji St., San Fernando, Pampanga*
55. SAN JOSE DEL MONTE BRANCH - Ground Floor, Giron Bldg., Gov. Halili Ave., Tungkong Mangga, City of San Jose Del Monte, Bulacan*
56. SAN MIGUEL- Norberto St., San Jose, San Miguel, Bulacan*
57. SAN NARCISO BRANCH - Brgy. Libertad, San Narciso, Zambales*
58. SAN PABLO-RIZAL AVE. BRANCH – Rizal Avenue cor. Lopez Jaena St. San Pablo City, Laguna*
59. SAN PEDRO BRANCH - Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna*
60. SAN RAFAEL BRANCH - Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan*
61. SANTIAGO - VICTORY NORTE - JECO Bldg., Maharlika Highway cor. Quezon St., Victory Norte, Santiago City*
62. SAVEMORE SAN ILDEFONSO BRANCH - Savemore San Ildefonso, Poblacion, San Ildefonso, Bulacan*
63. SAVEMORE TAGAYTAY-MENDEZ - Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez - Tagaytay Rd, Tagaytay City*
64. SAVEMORE TALISAY-NEGROS BRANCH – Talisay, Mabini St., Zone 12 Paseo Mabini Talisay City Negros Occidental*
65. STA. ANA BRANCH - Poblacion, Sta. Ana, Pampanga*
66. STA. MARIA- JC De Jesus cor. M. De Leon, Poblacion, Sta. Maria, Bulacan*
67. STA. RITA BRANCH - San Vicente, Sta. Rita, Pampanga*
68. STA. ROSA BRANCH - Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna*
69. STA. ROSA-BALIBAGO - National Highway cor. Lazaga St. Balibago, Sta. Rosa, Laguna*
70. STO. TOMAS- MAHARLIKA - Agojo Bldg., Maharlika Highway, Sto. Tomas, Batangas*
71. SUBIC BRANCH - Baraca, Subic, Zambales*
72. TACLOBAN CITY – GF,YVI Center, Bldg A, Fatima Village, Tacloban City, Leyte

73. TAGUM-CITYMALL – Maharlika Highway cor. Lapu-Lapu Extension, Brgy. Magugpo Tagum City*
74. TANAUAN CITY - Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
75. TARLAC - MAC ARTHUR - McArthur Highway, San Nicolas, Tarlac City*
76. TUGUEGARAO- Metropolitan Cathedral Parish, Rectory Complex, Rizal St., Tuguegarao City*
77. URDANETA- MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan*
78. VIGAN- Plaza Maestro Convention Center, Florentino St. and Burgos St. Vigan City, Ilocos Sur*
79. ZAMBOANGA-CITYMALL BRANCH – CityMall, Don Alfaro St., Tetuan, Zamboanga*

* One (1) ATM
** Two (2) ATMs
*** Three (3) ATMs

China Bank - Off Branch ATM Directory

Metro Manila

1. 168 MALL – 3F Food Court, 168 Mall, Sta. Elena St., Binondo, Manila
2. 999 SHOPPING MALL – Basement Lobby 999 Shopping Mall, 1002-1062 Soler St., Brgy. 293, Zone 28, District 3, Binondo, Manila
3. 999 SHOPPING MALL 2 – Basement, 999 Shopping Mall Bldg. 2, Recto - Soler Sts., Binondo, Manila
4. ALABANG MALL – Alabang Town Center, Alabang - Zapote Road cor. Madrigal Ave., Muntinlupa City
5. ALFAMART A. MABINI MANGGAHAN – A. Mabini Street, Manggahan, Pasig City
6. ALFAMART DAEZ CAMARIN CALOOCAN – Daez Commercial Bldg., Susano Road, Bagumbong, Caloocan City
7. ALFAMART F.B. HARRISON – GF F.B. Harrison St., Brgy. San Rafael, Pasay City
8. ALFAMART JHOCSON SAMPALOC – 534-548 M.F. Jhocson St., Zone 042, Brgy. 408, Sampaloc, Manila
9. ALFAMART MAAX – Unit 111 Mall of Asia Annex Bldg. (MAAX), Seaside Blvd., San Rafael, Pasay City
10. ALFAMART NAGA ROAD LAS PIÑAS – Alfamart, Naga Road, Pulang Lupa 2, Las Piñas City
11. ALFAMART SAN LAZARO – Units 108B-113B SM City San Lazaro, A.H. Lacson Ext., Sta. Cruz, Manila
12. ALI MALL – ATM Booth #1 UGF Ali Mall, P.Tuazon Blvd., Araneta Center, Quezon City
13. ALI MALL 2 – LGF Times Square Entrance, Ali Mall, P. Tuazon Blvd., Araneta Center, Quezon City
14. ARMSCOR MARIKINA – 2 Armscor Avenue, Brgy. Fortune, Marikina City
15. ATENEO DE MANILA UNIVERSITY – G/F Kostka Hall, Ateneo De Manila University, Katipunan Ave., Loyola Heights, Quezon City
16. CASH AND CARRY – 2/F Cash and Carry Mall, between South Super Highway & Filmore St., Brgy. Palanan, Makati City
17. CBS HEAD OFFICE LOBBY – CBS Lobby, 314 Sen. Gil J. Puyat Avenue, Makati City
18. CHIANG-KAI-SHEK – Chiang Kai Shek College, 1274 P. Algue St., Tondo, Manila
19. CENTURY CITY MALL – 3F Century City Mall, Kalayaan Ave. cor. Salamanca St., Brgy. Pobalcion, Makati City
20. COMEMBO COMMERCIAL COMPLEX – Comembo Commercial Complex, J.P. Rizal Ext. cor. Sampaguita St., Comembo, Makati City
21. COMMERCE CENTER – Commerce Ave. cor. Filinvest Ave., Alabang, Muntinlupa City
22. CONRAD S MAISON MALL – 2F Conrad Hotel, Coral Ave., SM MOA Complex, Pasay City
23. CYBER PARK TOWER 1 CUBAO – Lobby Tower 1, Araneta Center, Cubao, Quezon City
24. CYBER PARK TOWER 2 CUBAO – Lobby Tower 2, Araneta Center, Cubao, Quezon City
25. DASMARIÑAS VILLAGE ASSOCIATION OFFICE – 1417 Campanilla St., Brgy. Dasmariñas Village, Makati City
26. EASTWOOD CITY WALK 2 – G/F ATM 1 Eastwood City Walk Ph. 2, Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
27. EASTWOOD CYBERMALL – 2F Eastwood Cybermall, Eastwood Ave., Eastwood City Cyberpark, Bagumbayan, Quezon City
27. EASTWOOD MALL – Level 1 ATM 2 Ph.2, Eastwood Mall, E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
28. FAMILY MART PARK SQUARE – Park Square Bldg., South Drive cor. Theater Drive, Ayala Center, Makati City
29. FAMILY MART UP TECHNOHUB – Space 132 GF UP Technohub, Quezon City
30. GATEWAY MALL – Booth 4 Level 2 Gateway Mall, Cubao, Quezon City
31. GLORIETTA 4 – Glorietta 4, Ayala Center, Makati City
32. GLORIETTA 5 – G/F Glorietta 5, Ayala Center, Makati City
33. GREENBELT 3 – Greenbelt 3 Drop-off Area, Makati Ave., Makati City
34. GREENHILLS THEATER MALL – Main Entrance Greenhills Theater Mall, San Juan City
35. GREENMEADOWS CLUBHOUSE – Lovebird St., Green Meadows Subdivision, Brgy. Ugong Norte, Quezon City
36. HIGH POINTE MEDICAL HUB – 241 Shaw Blvd, Mandaluyong City
37. HOLIDAY ISLAND CALOOCAN – G/F Phase 2, Commercial Site Dutong St. cor. Kanlaon St., Bagong Silang, Caloocan City
38. IACADEMY BUENDIA – G/F iAcademy Plaza, H.V. Dela Costa St., Makati City
39. JACKMAN EMPORIUM – Jackman Emporium Department Store Bldg., Grace Park, Kalookan City
40. JACKMAN PLAZA - MUÑOZ – Jackman Plaza Muñoz, EDSA, Muñoz, Quezon City

41. JGC ALABANG – JGC PHILS. Bldg., 2109 Prime St., Madrigal Business Park Ph III, Ayala Alabang, Muntinlupa City
42. KATARUNGAN VILLAGE – Katarungan Village Admin Office, F. Reria cor. University Road, Muntinlupa City
43. KIMSTON PLAZA – Kimston Plaza, P. Victor St. cor. P. Burgos St., Guadalupe Nuevo, Makati City
44. LAKEVIEW BINANGONAN – Manila East Road, Tagpos, Binangonan, Rizal
45. LANDMARK - MAKATI – G/F The Landmark Bldg., Makati Ave., Ayala Center, Makati City
46. LANDMARK - TRINOMA – ATM Slot 4, 2F Landmark Trinoma, North Ave. cor. EDSA, Quezon City
47. LIANA'S SAMPALOC – 537 Earnshaw St., Sampaloc, Manila
48. LOYOLA GRAND VILLAS – Loyola Grand Villas Lifeline, Soliven Ave., Quezon City
49. LRT 2 KATIPUNAN – Westbound, LRT 2 Katipunan Station, Aurora Blvd., Loyola Heights, Quezon City
50. LRT 2 PUREZA – Westbound, LRT 2 Pureza Station, R. Magsaysay Blvd., Sta. Mesa, Manila
51. LRT 2 RECTO EAST – East Side, LRT 2 Recto Station, Recto Avenue, Sta. Cruz, Manila
52. LRT 2 RECTO WEST – West Side, LRT 2 Recto Station, Recto Avenue, Sta. Cruz, Manila
53. LRT 2 V. MAPA – Westbound, LRT 2 V. Mapa Station, R. Magsaysay Blvd., Sta. Mesa, Manila
54. MALABON CITISQUARE – G/F Malabon Citisquare, C-4 Road cor. Dagat-dagatan Ave., Malabon City
55. MARKET! MARKET! 1 – Market! Market!, Fort Bonifacio Global City, Taguig City
56. MARKET! MARKET! 2 – 2F Market! Market!, Fort Bonifacio Global City, Taguig City
57. MARKET! MARKET! 3 – G/F ATM Center in Fiesta Market, Market! Market!, Fort Bonifacio Global City, Taguig City
58. MEDICAL CITY – Medical City, Ortigas Ave., Pasig City
59. METRO POINT MALL – 3F Metro Point Mall, EDSA cor. Taft Ave., Pasay City
60. METROWALK – ATM 1 Bldg C, G/F Metrowalk Commercial Complex, Meralco Ave., Pasig City
61. MIDAS HOTEL – Midas Hotel, 2702 Roxas Blvd., Pasay City
62. MRT - BONI STATION – MRT - Boni Station, EDSA, Mandaluyong
63. MRT - CUBAO STATION – MRT - Cubao Station, EDSA, Quezon City
64. MRT - NORTH AVE. – MRT - North Avenue Station, EDSA, Quezon City
65. MRT - SHAW – MRT - Shaw Station, EDSA, Mandaluyong City
66. MULTINATIONAL CLUBHOUSE – Clubhouse, Nazareth cor. Judea St., Multinational Village, Parañaque City
67. NEWPORT MALL 4F – 4F Newport Mall, Resorts World, Newport City, Pasay City
68. NOVA SQUARE – G/F Nova Square, Quirino Highway, Brgy. San Bartolome, Novaliches, Quezon City
69. ONE E - COM CENTER – G/F One E-Com Center, Palm Coast Ave., SM MOA Complex, Pasay City
70. ONE MALL VALENZUELA – Gen. T. De Leon, Valenzuela City
71. PROMENADE GREENHILLS – Missouri Entrance, Promenade Mall, Greenhills Shopping Center, San Juan City
72. PUREGOLD - BLUMENTRITT – 286 Blumentritt St., Sta Cruz, Manila
73. PUREGOLD - E. RODRIGUEZ – ATM #1 Puregold E. Rodriguez, Cosco Bldg., E. Rodriguez Ave. cor. G. Araneta Ave., Quezon City
74. PUREGOLD - LAKEFRONT – Puregold Lakefront, Presidio Subdivision, Lakefront, Muntinlupa City
75. PUREGOLD - PASO DE BLAS – LGF Puregold Plaso de Blas, Plaso de Blas cor. Gen. Luis St., Malinta Ex, Valenzuela City
76. PUREGOLD JR. - PANDACAN – Puregold Jr. Pandacan, West J. Zamora St., Pandacan, Manila
77. PUREGOLD MAYPAJO KALOOKAN – Puregold Maypajo, J.P. Rizal St., Brgy. Maypajo, Caloocan City
78. QUICKLEAN MAYBUNGA – 369 Dr. Sixto Antonio Avenue, Maybunga, Pasig City
79. REGALIA PARK TOWER – 150 P. Tuazon Blvd., Cubao, Quezon City
80. RESORTS WORLD GAMING AREA – G/F Casino Gaming Area, Resorts World, Pasay City
81. ROBINSONS FORUM PIONEER – ATM Center Pioneer Side, Forum Robinsons, Pioneer St. cor. EDSA, Mandaluyong City
82. ROBINSONS GALLERIA – Robinsons Galleria, EDSA cor. Ortigas Ave., Pasig City
83. ROBINSONS GALLERIA 2 – Robinsons Galleria, EDSA cor. Ortigas Ave., Pasig City
84. ROBINSONS GALLERIA 3 – West Wing, Robinsons Galleria, EDSA cor. Ortigas Ave., Pasig City
85. ROBINSONS PLACE - MANILA – G/F Padre Faura Entrance, Robinsons Place Manila, Pedro Gil cor. Adriatico St., Ermita, Manila
86. ROCKWELL BUSINESS CENTER – Rockwell Business Center, Ortigas Ave., Pasig City
87. ROCKWELL POWER PLANT – Stall No. 060 Ground Level, Power Plant Mall, Makati City
88. SAVERS CENTER – G/F Savers Center (right side of Main Entrance), along EDSA cor. Taft Ave., Pasay City
89. SHOP AND RIDE – 248 Gen. Luis St., Brgy. Nova Proper, Novaliches, Quezon City
90. SHOP AND RIDE STA. MONICA – Shop & Ride Sta. Monica, 1004 Quirino Highway, Dumalay Street, Novaliches, Quezon City
91. SHOPWISE - ANTIPOLO – Shopwise Bldg., M.L. Quezon St. cor. Circumferential Road, San Roque, Antipolo City
92. SHOPWISE - COMMONWEALTH – Shopwise, Blk 17, Commonwealth Ave., Quezon City
93. SHOPWISE MARKETPLACE EAST BAY – Marketplace East Bay, East Service Road, Muntinlupa City
94. SHOPWISE METLIVE PASAY – Blue Wave Mall, Diosdado Macapagal cor. EDSA, Metropolitan Park Bay City, Pasay
95. SHOPWISE SUCAT – Shopwise Sucat, Dr. A. Santos Avenue corner Soreena Avenue, Paranaque City
96. SM CENTER ANGONO – SM Center Angono, Quezon Ave. Angono, Rizal
97. SM CENTER LAS PIÑAS – G/F SM Center Las Piñas, Alabang - Zapote Road, Las Piñas City

98. SM CITY THE BLOCK – GF Hypermarket - The Block, SM City North Edsa, North Avenue corner EDSA, Quezon City
99. SM HYPERMARKET - MANDALUYONG – SM Hypermarket Mandaluyong, 121 Shaw Blvd. cor. E.Magalona St., Brgy. Bagong Silang, Mandaluyong City
100. SM MANILA – UGF SM Manila Main Entrance, Natividad A. Lopez cor. Antonio Villegas St., Ermita, Manila
101. SM MEGAMALL BLDG. B – Level 2 Bldg. B, SM Megamall, EDSA cor. Julia Vargas St., Mandaluyong City
102. SM MOA HYPERMARKET – G/F SM Hypermarket, SM Mall of Asia, Pasay City
103. SM MOA SEASIDE FERRY TERMINAL – SM MOA Seaside Blvd. near Esplanade, Pasay City
104. SM MUNTINLUPA – ATM 2 G/F (beside Rear Entrance) SM Muntinlupa, National Road, Brgy. Tunasan, Muntinlupa City
105. SM TAYTAY OFF-BRANCH – 2F Bldg. A, SM Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal
106. SOLAIRE MANILA 2 – Entertainment City, Aseana Ave., Tambo, Parañaque City
107. SOLAIRE RESORT & CASINO – Entertainment City, Aseana Ave., Tambo, Parañaque City
108. SOUTHGATE MALL – Alphaland Southgate Mall, EDSA cor. Chino Roces Ave., Makati City
109. ST. FRANCIS SQUARE – Basement 1 St. Francis Square, Doña Julia Vargas Ave. cor. Bank Drive, Ortigas Center, Mandaluyong City
110. ST. JUDE COLLEGE – Dimasalang St. cor. Don Quijote St., Sampaloc, Manila
111. ST. LUKE'S - THE FORT – Basement, St. Luke's Medical Center, 5th Ave., Fort Bonifacio Global City, Taguig City
112. ST. LUKE'S - THE FORT 2 – Basement, St. Luke's Medical Center, 5th Ave., Fort Bonifacio Global City, Taguig City
113. STI - DELOS SANTOS MEDICAL CENTER – 201 E.Rodriguez Sr. Blvd., Quezon City
114. TAFT - U.N. – G/F Times Plaza, T.M Kalaw cor. Gen. Luna St., Ermita, Manila
115. TIENDESITAS – Tiendesitas, Ortigas Ave. cor E. Rodriquez Ave., Pasig City
116. TRINOMA OFF-BRANCH 1 – Level 1 Trinoma, North Ave. cor. EDSA, Quezon City
117. TRINOMA OFF-BRANCH 2 – Level 1 Trinoma, North Ave. cor. EDSA, Quezon City
118. TWO SHOPPING CENTER – Two Shopping Center, Taft Ave. Ext., 026 Zone 10, Pasay City
119. UNIMART GREENHILLS – B1 Unimart Greenhills Shopping Center, Ortigas Ave., San Juan City
120. UP TOWN CENTER – 2F UP Town Center, Katipunan Ave., Brgy. UP Campus Diliman, Quezon City
121. UPM - PGH – Faculty Medical Arts Bldg., PGH Compound, Taft Ave., Ermita, Manila
122. URDANETA VILLAGE - Urdaneta Village Clubhouse, Urdaneta Ave., Makati City
123. UST - DOCTOR'S CLINIC – University of Sto. Tomas Hospital, Vestibule and New Doctor's Clinic, A.H. Lacson Ave., Sampaloc, Manila
124. UST HOSPITAL – University of Sto. Tomas Hospital, A.H. Lacson Ave., Sampaloc, Manila
125. UST HOSPITAL 3 – G/F Clinical Division, University of Sto. Tomas Hospital, A.H. Lacson Ave., Sampaloc, Manila
126. VICTORY CENTRAL MALL – ATM 2 G/F Victory Central Mall, #717 Old Victory Compound, Rizal Ave., Monumento, Caloocan City
127. VICTORY FOOD MARKET BACLARAN – Victory Food Market, Redemptorist Road, Baclaran, Parañaque City
128. VICTORY PASAY MALL – Victory Pasay Mall, Antonio S. Arnaiz Ave, Pasay City
129. WACK WACK GOLF & COUNTRY CLUB – Main Lobby Clubhouse, Wack Wack Golf & Country Club, Shaw Blvd., Mandaluyong City
130. WALTER MART - MAKATI – G/F Waltermart Makati, 790 Chino Roces Ave. cor. Antonio Arnaiz, Makati City
131. WALTER MART - NORTH EDSA – Walter Mart Bldg., EDSA, Quezon City
132. WALTER MART - SUCAT – Walter Mart Sucat, Dr. A. Santos Ave., Brgy. San Isidro, Sucat, Parañaque City
133. WHITE PLAINS CLUBHOUSE – 10 Natabo Rd., White Plains Clubhouse Area, Quezon City
134. WORLD CITI MEDICAL ANONAS – Lobby Entrance, 960 Aurora Blvd. corner Anonas St., Quezon City
135. ZABARTE TOWN CENTER – Basement Zabarte Town Center, 588 Camarin Road corner Zabarte Road, Caloocan City

Provincial

1. 2 MANGO AVENUE – 2 Mango Ave. - Solara Bldg., General Maxilom Ave, Cebu City
2. 7-11 IMUS BAYAN LUMA – Aguinaldo Highway cor. Patindig Araw Road, Bayan Luma VIII, Imus, Cavite
3. 7-11 IMUS TANZANG LUMA – Aguinaldo Highway cor. Captain B. Paredes St., Tanzang Luma 1, Imus, Cavite
4. A. BONIFACIO - MCDONALD'S BAGUIO – Villanueva Bldg., Lower Bonifacio St., Baguio City
5. ABREEZA MALL – Abreeza Mall, J.P. Laurel Ave., Bajada, Davao City, Davao del Sur
6. ACC HYPERMART SAN ANDRES – San Andres, Catanduanes
7. ACIENDA DESIGNER OUTLET SILANG – G/F Acienda Designer Outlet, E. Aguinaldo Highway, Silang, Cavite
8. ADVENTIST UNIVERSITY OF THE PHILIPPINES – Adventist University of the Philippines, Sta. Rosa - Tagaytay Road, Puting Kahoy, Silang, Cavite
9. AG&P – Atlantic, Gulf & Pacific Company of Manila Inc., Brgy. San Roque, Bauan, Batangas
10. ALFAMART - LUMINA – Alfamart Lumina, Aguinaldo Highway cor. Nueno Ave., Imus, Cavite
11. ALFAMART - TRECE MARTIRES – CPC Bldg., Governor's Drive cor. Hugo Perez, Trece Martires, Cavite
12. ALFAMART FILINVEST TANZA – Alfamart Filinvest Tanza, Filinvest Ave., Westwood Place Subd. Ph. 2, Brgy. Paradahan, Tanza, Cavite
13. ALFAMART GOLDEN CITY – Molino-Paliparan Road, Salawag, Dasmariñas City, Cavite
14. ALFAMART ILANG-ILANG TANZA – Alfamart Ilang-Ilang Tanza, Ilang-ilang St., De Roman Subd., Daang Amaya 1, Tanza, Cavite

15. ALFAMART LANCASTER – Alfamart Lancaster, MCS Bldg., Advincula Ave., Alapan II-A, Imus, Cavite
16. ALFAMART L'PASEO ARCADE INDANG – LGF L'Paseo Building, Indang-Trece Martires Road, Indang, Cavite
17. ALFAMART PACITA COMPLEX – Alfamart, Block 3 Phase 3A Pacita Complex, San Pedro, Laguna
18. ALFAMART POBLACION 4 CALACA – #149 Marasigan St., Poblacion 4, Calaca, Batangas
19. ALFAMART POBLACION ROSARIO – Alfamart Poblacion Rosario, 153 Gen. Trias Drive, Brgy. Poblacion, Rosario, Cavite
20. ALFAMART VILLA CATALINA DASMARIÑAS – Lot 6123 Don Placido Campos Avenue, San Agustin, Dasmariñas City, Cavite
21. ALFAMART YAKAL SILANG CAVITE – G/F Alfamart Yakal Silang Cavite, 137 Pedro Montoya St. cor. Yakal, Silang, Cavite
22. ALLEN AVENUE CATBALOGAN – Centro Mall, Allen Ave., Brgy. 04, Catbalogan City, Samar
23. ALWANA BUSINESS PARK – National Highway, Brgy. Cugman, Cagayan de Oro City, Misamis Oriental
24. ANGEL SUPERMARKET – Luna St. cor. Burgos St., Brgy. Quirino, Solano, Nueva Vizcaya
25. ANGELES UNIVERSITY FOUNDATION MEDICAL CENTER – Basement, Angeles University Foundation Medical Center, McArthur Highway cor. Diego Silang St., Angeles City, Pampanga
26. AQUATIC CENTER - New Clark City Aquatic Center, Capas, Tarlac
27. ARAULLO UNIVERSITY – Araullo University, Maharlika Highway, Brgy. Bitas, Cabanatuan City, Nueva Ecija
28. ATENEO DE DAVAO UNIVERSITY – Ateneo de Davao University, Roxas Ave, Poblacion Dist., Davao City, Davao del Sur
29. ATHLETES VILLAGE BLDG. 2 – New Clark City Registration Center, Capas, Tarlac
30. ATHLETES VILLAGE BLDG. A – New Clark City Athletes' Village Bldg. A, Capas, Tarlac
31. ATHLETES VILLAGE BLDG. B – New Clark City Athletes' Village Bldg. B Lobby, Capas, Tarlac
32. ATHLETIC STADIUM 1 – New Clark City Athletic Stadium 1, Capas, Tarlac
33. ATHLETIC STADIUM 2 – New Clark City Athletic Stadium 1, Capas, Tarlac
34. AVENUE HOTEL BACOLOD – Avenue Suites Hotel and Spa, 12th St. cor Lacson St., Bacolod City, Negros Occidental
35. AYALA CENTER CEBU – Level 3 ATM 1 Ayala Center Cebu, Cebu Business Park, Cebu City
36. BRENT INTERNATIONAL SCHOOL MANILA – Brentville Subdivision, Mamplasan, Biñan, Laguna
37. BU DGET WISE SUPERMARKET – Budget Wise Supermarket, Veterans Ave., Zamboanga City, Zamboanga del Sur
38. CALTEX - SLEX 1 – South Luzon Expressway-Northbound, Brgy. San Antonio, San Pedro, Laguna
39. CB MALL URDANETA – CB Mall, McArthur Highway, Brgy. Nancayasan, Urdaneta City, Pangasinan
40. CDO MEDICAL CENTER – CDO Medical Center Bldg. 2, Tiano Brothers cor. Nacalaban St., Cagayan de Oro City, Misamis Oriental
41. CEBU DOCTORS' HOSPITAL – Cebu Doctors' University Hospital, Osmeña Blvd., Cebu City, Cebu
42. CEBU DOCTORS' UNIVERSITY – Cebu Doctors' University Hospital, #1 Potenciano Larrazabal Ave., North Reclamation Area, Mandaue City, Cebu
43. CELEBES COCONUT BUTUAN – Km 9, Brgy. Taguibo, Butuan City, Agusan Del Norte
44. CENTRIO MALL – G/F Centrio Mall, CM Recto cor. Corrales St., Cagayan de Oro, Misamis Oriental
45. CLARK GATEWAY – Clark Gateway Commercial Complex, Gil Puyat Ave., Brgy. San Francisco, Mabalacat, Pampanga
46. CORPUS CHRISTI – Corpus Christi School, Tomas Saco St., Macasandig, Cagayan de Oro City, Misamis Oriental
47. DAGUPAN - NEPO MALL – G/F Nepo Mall Dagupan, Arellano St., Dagupan City, Pangasinan
48. DAVAO ADVENTIST HOSPITAL – Davao Adventist Hospital, Km. 7 McArthur Highway, Bangkal, Davao City, Davao del Sur
49. DAVAO METRO SHUTTLE – Pereyras Terminal 1, Magugpo West, Tagum City, Davao del Norte
50. DIPOLOG CENTER MALL – Dipolog Center Mall, 138 Rizal Ave., Dipolog City, Zamboanga del Norte
51. DIPSSCOR – Davao Integrated Port And Stevedoring Services Corporation Bldg., International Port of Davao, Sasa Wharf, Davao City, Davao del Sur
52. DLSU - DASMARIÑAS – College of Engineering, DLSU Dasmariñas, Dasmariñas City, Cavite
53. DLSU - HEALTH SCIENCE CAMPUS – De La Salle University Health Science Campus Inc., Congressional Road, Dasmariñas City, Cavite
54. DLSU MAC – G/F Medical Arts Centre Bldg., DLSU Medical Center Compound, Congressional Road, Dasmariñas City, Cavite
55. DUSIT THANI D2 DAVAO – Stella Hizon Reyes Drive, Bo. Pampanga, Davao City, Davao del Sur
56. EAGLE RIDGE COUNTRY CLUB – Club House, Eagle Ridge and Country Club, Brgy. Javalera, Gen. Trias, Cavite
57. ECCO BUILDING – G/F ECCO Bldg. (beside unit A), Fil-Am Friendship Highway, Brgy. Anunas, Angeles City, Pampanga
58. FAMILY MART BALITI PAMPANGA – McArthur Hiway cor. Baliti Road, San Fernando, Pampanga
59. FAMILY MART ONE NORTHMALL – McArthur Hiway, Dau, Mabalacat, Pampanga
60. FESTIVE WALK - ANNEX BLDG. – Annex Bldg., Iloilo Festive Walk, Megaworld Blvd., Iloilo Business Park, Mandurriao, IloiloCity
61. FESTIVE WALK - FOOD HALL – Food Hall, Iloilo Festive Walk, Megaworld Blvd., Iloilo Business Park, Mandurriao, Iloilo City
62. FESTIVE WALK - OUTDOOR – Outdoor Area, Iloilo Festive Walk, Megaworld Blvd., Iloilo Business Park, Mandurriao, IloiloCity
63. FESTIVE WALK - WILCON – Wilcon Area, Iloilo Festive Walk, Megaworld Blvd., Iloilo Business Park, Mandurriao, Iloilo City
64. FRIENDSHIP SUPERMARKET MUÑOZ NE – D. Delos Santos St., Science City of Muñoz, Nueva Ecija
65. GAISANO - BULUA – Gaisano Bulua Mall, Bulua St., Cagayan de Oro City, Misamis Oriental
66. GAISANO - ILIGAN – G/F Gaisano Citi Super Mall, Iligan City, Lanao del Norte
67. GAISANO - LAPU-LAPU CITY – Gaisano Mactan Island Mall, Pusok, Lapu-Lapu City, Cebu

68. GAISANO - MASBATE – Gaisano Capital Masbate, Quezon St., Crossing, Masbate City, Masbate
69. GAISANO - PUERTO – Unit #1 ATM - 2nd Level Gaisano Puerto, Sayre Highway, Puerto, Cagayan de Oro City, Misamis Oriental
70. GAISANO MALL - BAJADA DAVAO – Gaisano Mall of Davao, J.P. Laurel Ave., Bajada, Davao City, Davao del Sur
71. GAISANO MALL - CAGAYAN DE ORO – Unit #3 Level 2 Atrium Gaisano Mall, Corrales Extension cor. CM Recto Ave., Cagayan de Oro City, Misamis Oriental
72. GOLDEN PRINCE HOTEL – Golden Prince Hotel & Suites, Acacia St. cor. Archbishop Reyes Ave., Cebu City, Cebu
73. GOOD SAMARITAN HOSPITAL – Good Samaritan Compound, Burgos Ave., Cabanatuan City, Nueva Ecija
74. GREEN CITY MEDICAL CENTER DOLORES – Gapan Olongapo Road, San Fernando, Pampanga
75. GROSVENOR SQUARE – Grosvenor Square, Josefa St., Angeles City, Pampanga
76. HOLY ANGEL UNIVERSITY 2 – G/F Holy Angel University Student's Center, Sto. Rosario St., Angeles City, Pampanga
77. JENRA JUMBO DOLORES – Olongapo-Gapan Road, Dolores, San Fernando, Pampanga
78. JENRA MALL – JENRA Grand Mall, Sto. Rosario St., Angeles City, Pampanga
79. JOLLIBEE - MABALACAT – ATM 2 ATM Center (beside Jollibee), McArthur Highway, Brgy. San Francisco, Mabalacat City, Pampanga
80. JOLLIBEE FLORIDABLANCA – Macabulos St., Floridablanca, Pampanga
81. JOLLIBEE FLORIDABLANCA 2 – Macabulos St., Floridablanca, Pampanga
82. JOLIIBEE GUAGUA – Jollibee Compound, Jose Abad Santos Avenue, Guagua, Pampanga
83. JOLLIBEE MONCADA – McArthur Highway, Poblacion 1, Moncada, Tarlac
84. KCC MALL - GENSAN – G/F KCC Mall GenSan, J. Catolico Sr. Ave., Gen. Santos City, South Cotabato
85. KCC MALL DE ZAMBOANGA – KCC Mall de Zamboanga, Gov. Camins Rd., Camino Nuevo, Zamboanga City, Zamboanga del Sur
86. KMSCI – Kidapawan Medical Specialist Center Inc., Sudapin, Kidapawan City, North Cotabato
87. LA NUEVA MINGLANILLA – La Nueva Supermart Inc., Poblacion, Minglanilla, Cebu
88. LA NUEVA SUPERMART – La Nueva Supermart Inc., G.Y. Dela Serna St., Lapu-Lapu, Cebu City, Cebu
89. LCC PEÑARANDA – LCC Supermarket, Peñaranda cor. Rizal St., Legazpi City, Albay
90. LCC SUPERMAKET AYALA LEGAZPI – Liberty Center, Quezon Ave., Capantawan, Legazpi City, Albay
91. LEE HYPERMARKET – G/F Lee Hypermart, Jose E. Romero Sr. Ave., Bagacay, Dumaguete City, Negros Oriental
92. LEE SUPER PLAZA – G/F Lee Super Plaza, M. Perdices cor. San Jose St., Dumaguete City, Negros Oriental
93. LEGAZPI INTERNATIONAL AIRPORT – Magayon Dr., Legazpi City International Airport, Legazpi City, Albay
94. LIM KET KAI MALL – M4-193B LIMKETKAI Mall, Lim Ket Kai Drive, Cagayan de Oro City, Misamis Oriental
95. LITE PORT TAGBILARAN – Celestino Gallares St., Poblacion 2, Tagbilaran City, Bohol
96. LOPUE'S EAST CENTRE – Lopue's East Centre, Burgos St. cor. Carlos Hilado National Highway, Bacolod City, Negros Occidental
97. LORMA HOSPITAL – Lorma Medical Center, San Fernando, La Union
98. LOTRIM DAVAO CITY – GF LCI Building 2, 100 Roxas Avenue, Barangay 32-D Poblacion, Davao City, Davao del Sur
99. LOTUS CENTRAL MALL – G/F Lotus Central Mall, Nueno Ave., Imus, Cavite
100. LVGH VALENCIA – La Viña General Hospital, ML Quezon St., Poblacion, Valencia City
101. MAAP – Maritime Academy of Asia and the Pacific, Kamaya Point Road, Mariveles, Bataan
102. MACTAN ISLA RESORT – Agus Road, Ibabao, Marigondon, Lapu Lapu City, Cebu
103. MACTAN MARINA MALL – G/F Mactan Marina Mall, MEPZ 1, Lapu-Lapu City, Cebu
104. MAGIC MALL – G/F Magic Mall, Alexander St., Poblacion, Urdaneta City, Pangasinan
105. MAGIC STARMALL – UGF Magic Star Mall, Romulo Blvd., Brgy. Cut-Cut 1, Tarlac City, Tarlac
106. MALOLOS OFF-BRANCH – G/F Graceland Mall, Bulacan State University Grounds, McArthur Highway, Guinhawa, Malolos City, Bulacan
107. MALTA HOSPITAL TORIL – Malta Hospital Toril, McArthur Highway, Toril, Davao City, Davao del Sur
108. MARIA REYNA HOSPITAL – Beside Hospital Entrance/Exit, Maria Reyna Hospital, T.J. Hayes St., Cagayan De Oro City, Misamis Oriental
109. MARITON GROCERY DON DOMINGO – Mariton Grocery, Don Domingo, Tuguegarao City, Cagayan
110. MARKET CITY – Market City Bldg., Bus Terminal, Agora, Cagayan De Oro, Misamis Oriental
111. MARQUEE MALL 1 – G/F Activity Center, Marquee Mall, Aniceto Gueco St. , Angeles City, Pampanga
112. MATINA TOWN SQUARE – G/F Strip Bldg., Matina Town Center, along McArthur Highway, Matina, Davao City, Davao del Sur
113. MCIA - DOMESTIC CHECK-IN AREA – Mactan Cebu International Airport, Lapu-Lapu Airport Road, Lapu-Lapu City, Cebu
114. MCIA - DOMESTIC DEPARTURE HALL – Mactan Cebu International Airport, Lapu-Lapu Airport Road, Lapu-Lapu City, Cebu
115. MCIA DEPARTURE CHECK-IN SOUTHWING – Mactan Cebu International Airport, Lapu-Lapu Airport Road, Lapu Lapu City, Cebu
116. MCIA DOMESTIC ARRIVAL – Mactan Cebu International Airport, Lapu Lapu Airport Road, Lapu Lapu City, Cebu
117. MERCY HOSPITAL ILIGAN – Sister of Mercy Road, Iligan City, Lanao del Norte
118. MHAM CEBU – Entrance Matias H. Aznar, Memorial College, R. Duterte St., Cebu City, Cebu
119. MINDANAO SANITARIUM AND HOSPITAL – Mindanao Sanitarium and Hospital, Tibanga Highway, Iligan City, Lanao del Norte
120. MJS HOSPITAL – Manuel J. Santos Hospital, 554 Montilla Blvd., Butuan City, Agusan del Norte

121. MOTHER TERESA HOSPITAL – Mother Teresa of Calcutta Medical Center, McArthur Highway, Brgy. Maimpis, City of San Fernando, Pampanga
122. MUZON UPTOWN – G/F Muzon Uptown, Brgy. Muzon, San Jose Del Monte, Bulacan
123. NAGALAND E-MALL – P.Diaz cor. Elias Angeles St., San Francisco, Naga City, Cebu
124. NAKASHIN DAVAO INTERNATIONAL – Malagamot Road, Kilometer 14, Panacan, Davao City
125. NEPO MALL - ANGELES – Nepo Mall Angeles, Doña Teresa Ave. cor. St. Joseph St., Nepo Mart Complex, Angeles, Pampanga
126. NEWPOINT ANGELES – GF ATM Center Newpoint Mall, Plaridel St., Sto. Rosario, Angeles City, Pampanga
127. NORTHSIDE DOCTORS HOSPITAL – Northside Doctors Hospital, Guimod, Bantay, Vigan City, Ilocos Sur
128. NOTRE DAME DE CHARTRES HOSPITAL – Notre Dame De Chartres Hospital, #25 Gen. Luna Road, Baguio City, Benguet
129. NUEVA ECIJA DOCTORS HOSPITAL – Nueva Ecija Doctors Hospital, Maharlika Highway, Cabanatuan City, Nueva Ecija
130. NUVALI SOLENAD 2 – G/F Solenad 2 Nuvali, Sta. Rosa-Tagaytay Road, Don Jose, Sta. Rosa, Laguna
131. NUVALI SOLENAD 3 BLDG. B – G/F Bldg. B Solenad 3 Nuvali, Sta. Rosa-Tagaytay Road, Don Jose, Sta. Rosa, Laguna
132. NUVALI SOLENAD HAWKERS MARKET – Hawkers Market, Solenad 3 Nuvali, Sta. Rosa-Tagaytay Road, Don Jose, Sta. Rosa, Laguna
133. ORCHARD GOLF AND COUNTRY CLUB – Gate 2, The Orchard Golf and Country Club Inc., Jose Abad Santos, Dasmariñas City, Cavite
134. OSPA - FARMERS' MEDICAL CENTER – Ormoc Sugarcane Planters Association - Farmers Medical Center, Carlota Hills, Brgy. Can-Adieng, Ormoc City, Leyte
135. OUR LADY OF THE PILLAR – G/F Our Lady of the Pillar Medical Center (near Emergency Room), Tamsui Ave., Bayan Luma II, Imus, Cavite
136. PACIFIC MALL 2 – Pacific Mall Bldg., Landco Business Park, F. Imperial St., Legazpi Port District, Legazpi City
137. PANGASINAN MEDICAL CENTER – Pangasinan Medical Center, Nable St., Dagupan City, Pangasinan
138. PAVILION MALL – G/F Bldg. A, Pavilion Mall, KM. 35 Brgy. San Antonio, Biñan, Laguna
139. PELCO 1 MEXICO – Jose Abad Santos Ave., Mexico, Pampanga
140. PELCO III APALIT – PELCO III, Mc Arthur Highway, Sampaloc, Apalit, Pampanga
141. PLAZA FINA MAGALANG – Plaza Fina, Don Andres Luciano St., Magalang, Pampanga
142. PLG ECOZONE HERMOSA BATAAN – PLG Prime Global, FTI Group Bldg., GF Ecozone, Hermosa, Bataan
143. PORTA VAGA MALL – Porta Vaga Mall, Along Session Road, Baguio City
144. PPL MCDONALD'S ORMOC – G/F IAL Building, Burgos St. cor. Rizal St., Ormoc City, Leyte
145. PRINCE HYPERMART BAGO – Poblacion, Bago City, Negros Occidental
146. PRINCE HYPERMART DAANBANTAYAN – Prince Hypermart, Poblacion, Daanbantayan, Cebu
147. PRINCE HYPERMART HIMAMAYLAN – Brgy. Poblacion, Himamaylan City, Negros Occidental
148. PRINCE HYPERMART MANOLO FORTICH – Prince Hypermart, Sayre Highway, Manolo Fortich, Bukidnon
149. PRINCE HYPERMART TALISAY – Poblacion, Talisay City, Negros Occidental
150. PRINCE MALL OF BAYBAY – Prince Town Baybay, Andres Bonifacio & Manuel L. Quezon St., Baybay, Leyte
151. PUREGOLD - DAU – Lot 9 Blk 19 Cosco Building, McArthur Highway, Dau, Mabalacat, Pampanga
152. PUREGOLD LUCENA – Brgy. Gulang Gulang, Quezon Ave., Lucena
153. PUREGOLD OBANDO – Puregold Obando, P. Sevilla St., Brgy. Catanghalan, Obando, Bulacan
154. QUICKMART DARAGA – Quickmart Bldg., Rizal St., Daraga, Albay
155. RIVERA HOSPITAL PANABO – Rivera Medical Center, National Highway, 7302 Brgy. San Francisco, Panabo City, Davao Del Norte
156. ROBINSONS CALASIAO – Robinsons Place Pangasinan, Brgy. San Miguel, Calasiao, Pangasinan
157. ROBINSONS GENSAN – G/F Robinsons Gensan, Jose Catolico Sr. Ave., Brgy. Lagao, General Santos City, South Cotabato
158. ROBINSONS TAGUM – National Highway, Tagum, Davao del Norte
159. ROYAL DUTY FREE 2 – Bldg. 1109, Palm St., Subic Gateway District, Subic Bay Freeport Zone. X City, Zambales
160. ROYCE HOTEL – Royce Hotel, Manuel A. Roxas Highway cor. Ninoy Aquino Avenue, Clark Freeport Zone, Mabalacat, Pampanga
161. ROYCE HOTEL 2 – Royce Hotel, Manuel A. Roxas Highway cor. Ninoy Aquino Avenue, Clark Freeport Zone, Mabalacat, Pampanga
162. ROYCE HOTEL 3 – Royce Hotel, Manuel A. Roxas Highway cor. Ninoy Aquino Avenue, Clark Freeport Zone, Mabalacat, Pampanga
163. RPGMC TUGUEGARAO – Ronald P. Guzman Medical Center, Enrile Blvd., Carig, Tuguegarao City, Cagayan
164. SAMULCO – Sta. Ana Multi-Purpose Cooperative, Bldg. 1, Monteverde St., Davao City, Davao del Sur
165. SAN FERNANDINO HOSPITAL – San Fernandino Hospital, McArthur Highway, Bo. Dolores, San Fernando, Pampanga
166. SAVEWISE - POZORRUBIO – Savewise Bldg., Caballero St., Brgy. Cablong, Pozorrubio, Pangasinan
167. SHOPWISE - CEBU – Shopwise Bldg., N. Bacalso Ave., Basak, San Nicolas, Cebu City, Cebu
168. SHOPWISE - SAN PEDRO – Shopwise, National Highway, Brgy. Landayan, San Pedro, Laguna
169. SHOPWISE BUHAY NA TUBIG IMUS – Brgy. Buhay na Tubig, Imus, Cavite
170. SHOPWISE GRAND TERMINAL BATANGAS – Diversion Road, Brgy. Alangilan, Batangas City, Batangas
171. SHOPWISE LANCASTER IMUS – G/F Shopwise Lancaster City, Advincula Avenue, Imus City, Cavite
172. SIBALOM MUNICIPAL ANTIQUE – G/F Sibalom Municipal Hall, Sibalom, Antique

173. SKYRISE REALTY – G/F Skyrise IT Bldg., Gorordo Ave. cor. N. Escario St., Cebu City, Cebu
174. SM BAGUIO – SM Baguio, Luneta Hill, Upper Session Road, Baguio City, Benguet
175. SM CENTER DAGUPAN – 2F SM Center Dagupan, M.H. del Pilar, Dagupan City
176. SM CENTER IMUS – N.I.A Road, Barangay Bucandala III, Imus, Cavite
177. SM CENTER TUGUEGARAO – 2F SM Center Tuguegarao Downtown, Luna St. cor Mabinit St., Tuguegarao City
178. SM CITY BACOLOD – G/F Bldg. A, ATM #3 SM City Bacolod, Reclamation Area, Bacolod City, Negros Occidental
179. SM CITY BALIWAG – G/F SM City Baliwag, Doña Remedios Trinidad Highway, Brgy. Pagala, Baliwag, Bulacan
180. SM CITY BATANGAS – SM City Batangas, M. Pastor Ave., Pastor Village, Brgy. Pallocan Kanluran, Batangas City, Batangas
181. SM CITY BATANGAS 2 – SM City Batangas, M. Pastor Ave, Pastor Village, Brgy. Pallocan Kanluran, Batangas City, Batangas
182. SM CITY CABANATUAN – ATM Center, SM City Cabanatuan, Maharlika Highway, Brgy. H. Concepcion, Cabanatuan City, Nueva Ecija
183. SM CITY CAGAYAN DE ORO – ATM Center 2, Main Entrance, SM City Cagayan de Oro, Masterson Ave., Cagayan De Oro , Misamis Oriental
184. SM CITY CALAMBA – G/F SM City Calamba, National Road, Brgy. Real, Calamba City, Laguna
185. SM CITY CALAMBA 2 – 2F SM City Calamba, National Road, Brgy. Real, Calamba City, Laguna
186. SM CITY CALAMBA 3 – SM City Calamba, National Road, Brgy. Real, Calamba City, Laguna
187. SM CITY CAUAYAN – Maharlika Highway, Brgy. District II, Cauayan City, Isabela
188. SM CITY CLARK OFF-BRANCH – ATM #1 SM City Clark (in-front of transport terminal), M. Roxas Highway, CSEZ, Angeles City, Pampanga
189. SM CITY DASMARIÑAS 2 – G/F SM City Dasmariñas, Governor's Drive cor. Aguinaldo Hiway, Brgy. Sampaloc 1, Dasmariñas, Cavite
190. SM CITY GENERAL SANTOS – SM City Gen Santos, Santiago Blvd. cor. San Miguel St., Brgy. Lagao, Gen. Santos City, South Cotabato
191. SM CITY LIPA OFF-BRANCH – ATM 2, SM City Lipa, Ayala Highway, Brgy. Maraouy, Lipa City, Batangas
192. SM CITY OLONGAPO CENTRAL 2F – 2F East Tapinac, Olongapo City, Zambales
193. SM CITY ROSALES – SM City Rosales, MacArthur Highway, Carmen East, Rosales, Pangasinan
194. SM CITY TARLAC – G/F SM City Tarlac, McArthur Highway, Brgy. San Roque, Tarlac City, Tarlac
195. SM CITY URDANETA – McArthur Highway, Urdaneta, Pangasinan
196. SM DAVAO – ATM Center 1, SM City Davao, Quimpo Blvd. cor. Tulip Drive, Ecoland Subd., Brgy. Matina, Davao City, Davao del Sur
197. SM LANANG PREMIER OFF-BRANCH – UGF SM Lanang Premier, J.P. Laurel Ave., Brgy. San Antonio, Davao City, Davao del Sur
198. SM LEMERY – SM Center Lemery, Ilustre Avenue, Lemery, Batangas
199. SM MARILAO OFF-BRANCH – G/F SM City Marilao, MacArthur Highway, Marilao, Bulacan
200. SM MARKET MALL – ATM 3 SM Market Mall Dasmariñas, Congressional Ave., Dasmariñas Bagong Bayan, Dasmariñas, Cavite
201. SM SUPERCENTER MOLINO – G/F SM Supercenter Molino, Molino Road, Brgy. Molino 4, Bacoor, Cavite
202. SOCSARGEN COUNTY HOSPITAL – Socsargen County Hospital, Arradaza St., General Santos City, South Cotabato
203. SOUTH TOWN CENTRE TALISAY – South Gate Mall, Tabunok, Talisay, Cebu
204. SOUTHWAY MALL – The Southway Square Mall, Gov. Lim Ave. cor. La Purisima St., Zamboanga City, Zamboanga del Sur
205. ST. ELIZABETH HOSPITAL – L. Santiago Blvd. corner National Highway, General Santos City
206. STA. ROSA HOSPITAL – Sta. Rosa Hospital and Medical Center, San Lorenzo Road, Brgy. Balibago, Sta. Rosa, Laguna
207. SUPER METRO CARCAR – Natalio B. Bacalso National Highway, Carcar City, Cebu
208. SUPERL PHILS BACOLOR – Angeles Industrial Park, PEZA, Brgy. Calibutbut, Bacolor, Pampanga
209. TARGET MALL 1 – G/F Target Mall, Sta. Rosa Commercial Complex, Brgy. Balibago, Sta. Rosa, Laguna
210. TARGET MALL 2 – ATM 4 Canopy Area, Target Mall, Sta. Rosa Commercial Complex, Brgy. Balibago, Sta. Rosa, Laguna
211. THE DISTRICT - DASMARIÑAS – G/F The District - Dasmariñas, Molino-Paliparan Road, Dasmariñas City, Cavite
212. THE DISTRICT - IMUS – The District Imus, Aguinaldo Highway cor. Daang Hari Road, Brgy. Anabu II-D, Imus, Cavite
213. TOYOTA SAN NICOLAS – Brgy.16 San Marcos, San Nicolas, Ilocos Norte
214. UNION CHRISTIAN COLLEGE – Union Christian College, Widdoes St., Brgy. II, San Fernando, La Union
215. UNIVERSITY OF BAGUIO – University of Baguio, Assumption Road, Baguio City, Benguet
216. UNIVERSITY OF BOHOL – University of Bohol, Ma. Clara St., Tagbiliran City, Bohol
217. UNIVERSITY OF PERPETUAL HELP - BIÑAN – Dr. Jose Tamayo Medical Bldg., University of Perpetual Help System Laguna, Brgy. Sto. Niño, Biñan, Laguna
218. UNIVERSITY OF SAN CARLOS – University of San Carlos Main University Bldg., Pantaleon del Rosario St., Cebu City, Cebu
219. USC - TALAMBAN – USC Talamban Campus, Gov. M. Cuenco Ave., Brgy. Nasipit, Talamban, Cebu City, Cebu
220. USJR BASAK CEBU – University of San Jose Recoletos Basak, N. Bacalso Ave., Basak Pardo, Cebu City, Cebu
221. VIRAC TOWN CENTER – Catanduanes Circumferential Road, Virac, Catanduanes
222. VISION FEEDMILLS ROSARIO – Rosario - San Juan - Candelaria Road, Rosario, Batangas
223. WALTER MART - CABANATUAN – Maharlika Highway, Brgy. Dicarma, Cabanatuan City, Nueva Ecija
224. WALTER MART - CALAMBA – G/F Waltermart Calamba, Real St., Brgy. Real, Calamba City, Laguna
225. WALTER MART - CARMONA – G/F Walter Mart Carmona, Macaria Business Center, Governor's Drive, Carmona, Cavite

226. WALTER MART - DASMARIÑAS – G/F Walter Mart Dasmariñas, Barrio Burol Aguinaldo Highway, Dasmariñas City,Cavite
227. WALTER MART - GEN. TRIAS – G/F Waltermart General Trias, Governors Drive, Barrio Mangahan, General Trias, Cavite
228. WALTER MART - SAN FERNANDO – Walter Mart San Fernando, McArthur Highway, Brgy. San Agustin, San Fernando, Pampanga
229. WALTER MART - STA. ROSA 1 – UGF Waltermart Sta. Rosa, San Lorenzo Village, Balibago Road, Brgy. Balibago, Sta. Rosa, Laguna
230. WALTER MART - STA. ROSA 2 – UGF Waltermart Sta. Rosa, San Lorenzo Village, Balibago Road, Brgy. Balibago, Sta. Rosa, Laguna
231. WALTER MART - STA. ROSA BEL-AIR – Walter Mart Bel-Air, Sta. Rosa Tagaytay Road, Pulong Sta. Cruz, Sta. Rosa, Laguna
232. WALTER MART - TAGAYTAY – G/F Ayala Mall Serin, Tagaytay-Nasugbu Highway, Silang Junction South, Tagaytay City, Cavite
233. WALTER MART - TANAUAN – Walter Mart Tanauan, J. P. Laurel National Highway, Brgy. Darasa, Tanauan, Batangas
234. WELLCOME MINIMART BASISTA – National highway, Basista, Pangasinan
235. WESLEYAN UNIVERSITY – Wesleyan University of the Philippines, Mabini St. Extension, Cabanatuan City, Nueva Ecija
236. WNU STI UNIVERSITY – STI West Negros University, Burgos cor. Hilado St., Bacolod City, Negros Occidental
237. XAVIER UNIVERSITY – G/F Library Annex, Xavier University, Corrales Ave., Cagayan De Oro City, Misamis Oriental
238. YASHANO MALL LEGAZPI – Yashano Mall, F. Imperial St. cor. Terminal Rd. 1, Legazpi Port District, Legazpi City, Albay
239. YUBENCO STARMALL – Yubenco Starmall, Maria Clara Lorenzo Lobregat Highway, Putik, Zamboanga City, Zamboanga del Sur
240. YU-YU CAFÉ & DESSERT SHOPPE TAGUM – National Hiway cor. Quirante II St., Magugpo Poblacion, Tagum City, Davao del Norte
241. ZAMBOANGA PENINSULA MEDICAL CENTER – Zamboanga Peninsula Medical Center, Maria Clara Lorenzo Lobregat Highway, Putik, Zamboanga City, Zamboanga del Sur

China Bank Savings - Off Branch ATM Directory

1. Calamba Hospital - KM. 49 National Highway, Parian, Calamba City, Laguna
2. RIS - RIS DEVELOPMENT CORPORATION - 168 Mercado St Tabe, Guiguinto, Bulacan 03015 (Balagtas Branch)
3. ZAMECO - ZAMECO II Head Office Compound, National Road, Brgy. Magsaysay, Castillejos, Zambales (Olongapo Branch)

3. Status of Publicly Announced New Products and Services

Product	*Status*
Deposit Products	
Money Lift Plus	Fully operational

4. Competition

The combined assets of the UK/B & TB industries, based on their published statements of condition as of December 2019, expanded by 8% or P1.4 trillion year-on-year to P17.9 trillion, with the top 10 banks accounting for 84% of the industry's resources. China Bank maintained its position as the fifth largest private commercial bank, growing by 11% or P96 billion to P962 billion.

Total deposits growth slowed to 7% (+P866 billion) to P13.3 trillion, while bank borrowings increased 13% to P1.6 trillion with the issuance of P176-billion Peso-denominated bonds of major banks. On the other hand, gross loans expanded by 9% (+P875 billion) to P10.2 trillion, with loans-to-deposits ratio at 76%. Gross non-performing loans increased by 38% to P157 billion, resulting in an uptick in gross NPL ratio to 1.57% from 1.26% and a decline in NPL coverage ratio to 109% from 130%. The general deterioration in asset quality may be attributed to the loan exposures (about US$412 Mn) of several banks to Hanjin Heavy Industries and Construction Philippines which is undergoing corporate rehabilitation.

Combined equity of the UK/B & TB industries went up by 13% or P239 billion to P2.1 trillion. UK/B industry CAR as of September 2019 improved to 15.61% on a solo basis and 15.95% on a consolidated basis.

As of February 2020, there were 45 universal and commercial domestic banks – 17 private domestic banks, 23 foreign bank branches, three government banks, and two foreign bank subsidiaries.

5. Transactions with and/or dependence on related parties

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and their related interest (DOSRI). These loans and other transactions are in accordance with the Bank's policy should be reviewed by the Related Party Transaction Committee to ensure that they are conducted at arm's length basis at fair market prices and upon terms not less favorable to Bank than those offered to others and in compliance with all regulatory requirements. Related party transactions are presented to the stockholders during the annual stockholders' meeting for ratification.

6. Trademarks, Licenses, Franchises, etc.

China Bank is operating under a universal banking license obtained in 1991. Over the years, China Bank has registered its corporate brand, slogan and product trademarks with the Intellectual Property Office (IPO) of the Philippines – Bureau of Trademarks, as follows:

- China Bank - Your Success Is Our Business. More Than Your Banker, The Right Partner
- China Bank Treasury Investments
- China Bank GS Fund
- China Bank Online
- China Bank Diamond Savings Account
- China Bank Dollar Fund
- China Bank Check Plus
- China Bank HomePlus
- China Bank AutoPlus
- China Bank Platinum
- China Bank Prime
- China Bank World
- China Bank Money Plus
- China Bank Cash Management
- China Bank Check Write Plus
- China Bank Check Depot
- China Bank Sure Sweep
- China Bank Sure Collect
- China Bank Bills Pay Plus
- China Bank ACA Auto-Credit Arrangement
- China Bank ADA Auto-Debit Arrangement
- China Bank EGOV
- China Bank Corporate Bills Payment
- China Bank Escrow Agency Service POEA
- China Bank Partnership Banking
- China Bank EIPS Electronic Invoicing and Payment Solution

All the Bank‘s trademark registrations are valid for 10 years with expiration dates varying from 2020 to 2025. The Bank closely monitors the expiry and renewal dates of these trademark names to protect the Bank‘s brand equity.

7. Sources and Availability of raw materials and the names of principal suppliers. Not applicable.

8. Disclose how dependent the business is upon a single customer or a few customers. Not applicable.

9. Need for any government approval of principal products or services.
The Bank secures regulatory approval of all its products and services, as required.

10. Effect of existing or probable governmental regulations on the business.
The Bank strictly complied with the Bangko Sentral ng Pilipinas (BSP) requirements in terms of reserves, liquidity position, capital adequacy, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements.

11. Amount spent on research and development activities

(In‘000)	2019	2018	2017
Education & Training	60,127	50,839	51,031
Advertising Expenses	49,551	32,729	54,759
Technology	871,137	892,431	913,049

12. Cost and effect of compliance with environmental laws. Not applicable.

13. Total number of employees

Below is the breakdown of the manpower complement in 2019 as well as the projected headcount for 2020:

	2020	2019
Officers	3,837	3,632
Staff	6,493	6,181
Total	10,330	9,813

The CBC Employees Association (CBCEA) members have an existing Collective Bargaining Agreement with the Bank for the period 01 August 2017 to 31 July 2020.

ANNEX "B"

MARKET INFORMATION AND RELATED MATTERS

(1) Market Information

- **Principal market where the equity is traded** – Philippine Stock Exchange, Inc. (PSE)

- **Market Value**

Actual Prices:

2020	HIGH	LOW	CLOSE
January	25.30	24.70	25.10
February	25.15	24.75	24.75
March	25.00	17.00	20.15

Actual Prices*

2019	HIGH	LOW	CLOSE
Jan - Mar	29.40	26.80	26.85
April - Jun	28.70	26.10	27.45
Jul – Sept	28.00	24.90	25.00
Oct – Dec	26.20	24.75	25.05

Actual Prices: *

2018	HIGH	LOW	CLOSE
Jan - Mar	37.50	33.20	35.20
April - Jun	35.55	33.00	33.60
Jul – Sept	33.60	28.85	28.85
Oct – Dec	29.95	26.75	27.10

* No adjusted prices as no stock rights or stock dividends were issued in 2018 and 2019.

- **Market value as of December 27, 2019 (last trading day): P25.05**

- **Price Information as of March 31, 2020 (latest practicable trading date): P20.15**

(2) Holders

- **Top 20 Stockholders**
  (As of March 31, 2020)

Name of Stockholder	Number of Shares	Percentage
1. PCD Nominee Corporation (Non-Filipino)	716,169,852	26.664%
2. PCD Nominee Corporation (Filipino)	564,170,416	21.005%
3. SM Investments Corporation	463,922,761	17.273%
4. Sysmart Corporation	415,995,323	15.488%
5. JJACCIS Development Corporation	56,949,897	2.120%
6. CBC Employees Retirement Plan	53,278,951	1.984%
7. Joaquin T. Dee &/or Family	45,705,005	1.702%
8. GDSK Development Corporation	31,458,583	1.171%
9. Syntrix Holdings, Inc.	21,552,649	0.802%
10. Suntree Holdings Corporation	20,138,332	0.750%
11. Hydee Management & Resource Corporation	14,334,603	0.534%
12. The First Resources Mgt. and Sec. Corp.	5,964,229	0.222%
13. Kuan Yan Tan's Charity (Phil.), Inc.	5,941,277	0.221%
14. Reliance Commodities, Inc	5,662,648	0.211%
15. Robert Y. Dee, Jr.	5,569,499	0.207%
16. Ansaldo, Godinez & Co., Inc.	5,037,498	0.188%
17. Michael John G. Dee	3,963,468	0.148%
18. Cheng Siok Tuan	3,864,332	0.144%
19. Rosario Chua Siu Choe	3,631,816	0.135%
20. Kristin Dee Belamide	3,520,559	0.131%
TOTAL	**2,446,831,698**	**91.099%**

- **Total number of shareholders** (as of March 31, 2020) – 1,894
- **Summary of Filipino and Non-Filipino Holdings** (as of March 31, 2020)

Nationality	Number of Stockholders	Number of Shares	Percentage
Filipino	1,820	1,962,358,824	73.062%
Non-Filipino (PCD)	1	716,169,852	26.664%
Chinese	50	3,623,866	0.135%
American	12	2,403,317	0.089%
Australian	2	4,513	0.000%
British	2	97,631	0.004%
Canadian	2	450,163	0.017%
Dutch	1	62,198	0.002%
Spanish	1	107	0.000%
Taiwanese	3	729,341	0.027%
TOTAL	**1,894**	**2,685,899,812**	**100.0%**

(3) Dividend History

	2019	2018	2017	2016	2015
Stock Dividend	--	--	8%	8%	8%
Cash Dividend	8.8%	8.3%	8%	10%	10%

Authorized and Issued Capital

Authorized Capital	-	P33.0 Billion divided into 3.3 Billion shares with a par value of P10.00 per share
Issued Shares	-	2,685,899,812 common shares

There is no restriction that limits the ability of the Bank to pay dividends other than what is required under the Revised Corporation Code and pertinent Bangko Sentral ng Pilipinas (BSP) regulations that prescribe minimum levels and ratios of capital adequacy. However, any dividends declared by the Bank are subject to notice to/approval by the BSP, Philippine Stock Exchange (PSE), and/or Securities and Exchange Commission (SEC). The Dividend Policy of the Bank is discussed under Annex C of the Information Statement.

(4) Unregistered Securities

There were no unregistered securities sold by the Bank for the past three (3) years. However, there were new securities issued resulting from the stock rights offering of 483,870,967 common shares in 2017, and declaration of 8% stock dividend in 2017 to come from the Bank's unissued shares. These securities distributions were exempt from registration requirement under Section 10.1 of the Securities Regulation Code.

(5) Free Float Level

Based on the Public Ownership Report of the Bank as of December 31, 2019, 57.168% of the total outstanding shares are owned by the public. Further, based on the Public Ownership Report of the Bank as of March 31, 2020, 57.158% of the total outstanding shares are owned by the public.

ANNEX "C"

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Embracing a Sustainable Future through Principled Leadership

Over the years, good governance is the foundation upon which China Bank's commitment to be a reliable institution in the industry, is built. The principles of Fairness, Accountability, Transparency and Integrity are channeled through the decisions and actions made and executed across all levels of the organization. The Bank is driven to continuously improve and uphold the highest standards of corporate governance to remain strongly positioned for value creation amidst the evolving global environment, in a manner consistent with its fiduciary responsibility. The Board and Management endeavor to completely exercise and uphold these core principles in all financial and business dealings of the Bank.

At the helm of the Bank's governance is the Board of Directors which is responsible for its corporate philosophy and overall strategic direction; and leads in the ethical conduct of business. The Board sets the tone and provides oversight, insight and foresight. In steering the Bank forward and making plans for its future, the Board monitors the performance and develops strategies to improve business and risk strategies, financial soundness and regulatory compliance. The Board also sets the pace for the Bank's current operations and future directions, and ensures that all obligations to stakeholders are met.

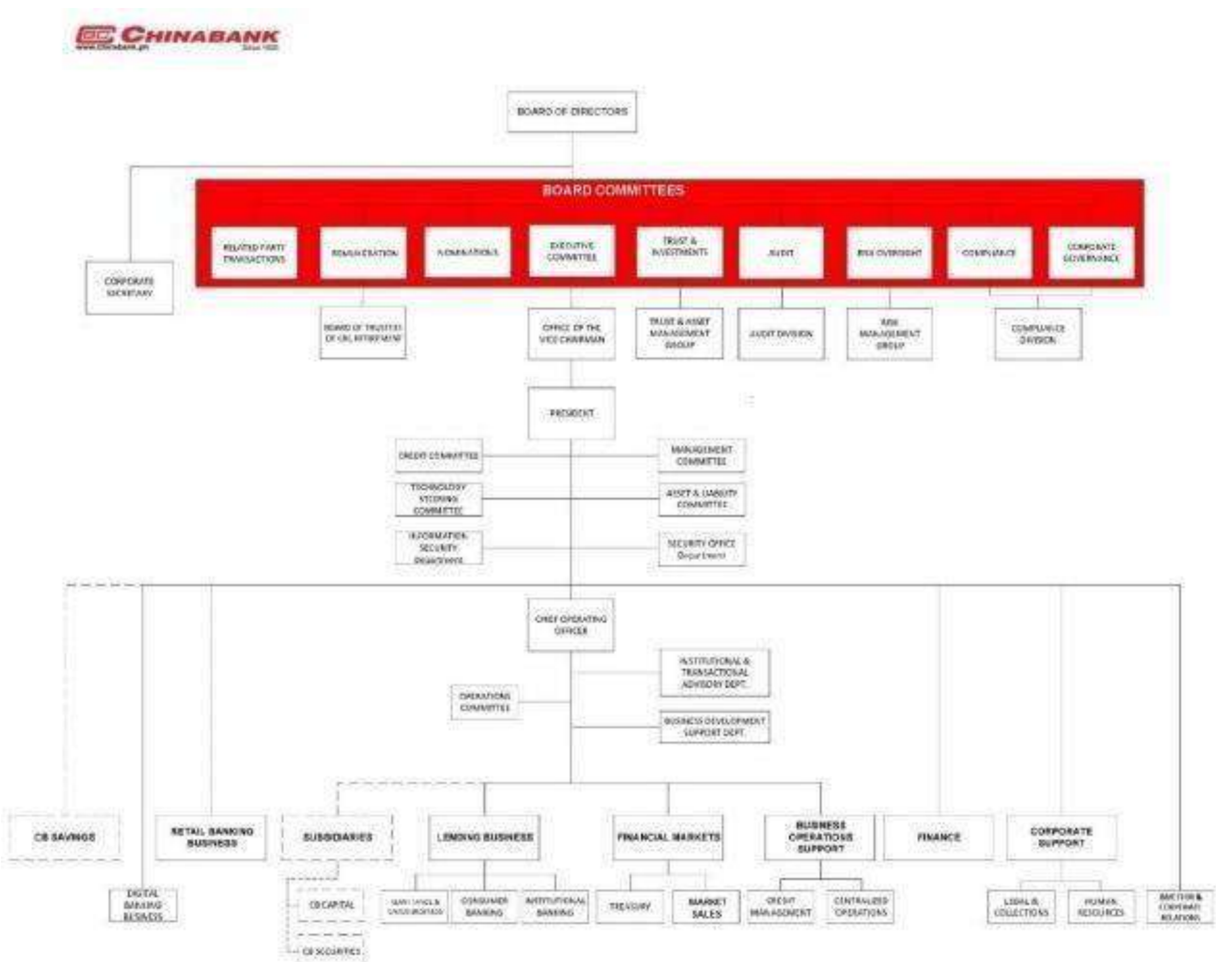
The Bank recognizes good corporate governance as a critical factor for its continued success and sustainability. It is committed to doing business the right way—in accordance with the rules, best practices, and best interest of all stakeholders. Its robust governance, compliance, and risk management systems enable the Bank to be a dependable partner for its customers, employees and shareholders in the creation of wealth for a more resilient and secured future.

To further strengthen our position as one of the best governed companies in the region, we have implemented new initiatives and maintained best practices, as follows:

- Amendment of the Bank's By-Laws, increasing the number of directors from eleven (11) to twelve (12).
- Enhancement of the Corporate Governance Manual to align with recent rules, regulations and international practices.
- Enhancement of the Board Committee Charters and Board Self-Assessment Forms, and preparation of a new Self-Assessment Form for Independent Directors.
- Updating of the RPT Framework to harmonize the Bank's compliance with the rules of the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC).
- Conduct of the annual assessment of the Board, all Board-level committees, Compliance Division, External Auditor and the President.
- Enhancement of the Board performance evaluation process through a third party validation by an external / independent entity to ensure its objectivity.
- Election of the Bank's second female independent director during the Annual Stockholders' Meeting.
- Conduct by the Institute of Corporate Directors of the corporate governance training on the Bank's directors and key officers.

Organizational Structure

The Board of Directors being at the core of the Bank's corporate governance structure continues to foster a culture of a proactive Board that is accountable and responsible for the affairs and performance of the Bank supported by proactive and competent personnel in achieving its goal of governance of going beyond best practice compliance.



Board of Directors

The Bank has twelve (12) directors and one (1) advisor. Two (2) of the directors are executive directors and the rest are non-executive directors. The Bank has a rigorous and transparent procedure for the nomination and election of new directors to the Board, to ensure a diverse and well-balanced composition. In accordance with the Bank's Manual on Corporate Governance aligned with laws, rules and regulations, the members of the Board are selected from a pool of qualified candidates after considering, among other things, their integrity, competence, independence, leadership, ability to exercise sound judgment, and experience at policy-making levels involving issues affecting business, government, and other areas relevant to banking operations. The Board may use professional search firms or other external sources when searching for candidates for the Board.

Acknowledging the significant and crucial roles of Independent Directors, the Bank has four (4) Independent (non-executive) Directors in the Board to ensure a strong element of independence. The Bank's Independent Directors are independent of management and major/substantial shareholders, and free from any business, family or any other relationship with the Bank, which could affect their judgment.

The members of the Board are given a copy of their general and specific duties and responsibilities as prescribed by the Manual of Regulations for Banks (MORB); the directors acknowledge that they have received and certify that they read and fully understood the same. Copies of the Acknowledgement Receipt and Certification are submitted to the BSP within the prescribed period. Moreover, the Directors also individually submit a Sworn Certification that they possess all the qualifications as enumerated in the MORB. These certifications are submitted to BSP after their election. Additional certifications are executed by Independent Directors to comply with Securities Regulation Code and BSP rules which are then submitted to the SEC.

Board Committees

In order to effectively carry out its mandate of good corporate governance through compliance with laws, rules, regulations and best practices, the Bank's Board is supported by various committees, as follows:

- **Executive Committee** has the powers of the Board, when the latter is not in session, in the management of the business and affairs of the Bank to the fullest extent permitted under its By-Laws and Philippine laws. The Executive Committee had 38 meetings in 2019, including 1 joint meeting with the Risk Oversight Committee.

Director	Attendance
Hans T. Sy (Chairman)	35
Gilbert U. Dee	38
Peter S. Dee	35
Joaquin T. Dee	36
William C. Whang	36

- **Corporate Governance Committee** is responsible for ensuring that the Bank's Corporate Governance framework is regularly reviewed, updated, and implemented accordingly at all times. It provides assistance to the Board in fulfilling its responsibilities by ensuring compliance with, and proper observance of governance laws, rules, principles, and best practices, including the continuing education program for the directors and conduct of the Board assessment, among others. The Corporate Governance Committee had 30 meetings in 2019, including 11 joint meetings with Compliance Committee and 18 joint with Nominations Committee.

Director	Attendance
Philip S.L. Tsai (Chairman)	29
Alberto S. Yao	29
Margarita L. San Juan	29
Angeline Ann H. Hwang [+(a)]	15

(a) Member from May 2, 2019; attended 15 out of 19 joint meetings of Compliance/Nominations and Corporate Governance Committees

\+ Director Hwang passed away on April 11, 2020.

- **Audit Committee** primarily oversees all matters pertaining to audit – mainly the evaluation of the adequacy and effectiveness of the Bank's internal control system, as well as the integrity of its financial statements. It appoints, reviews and concurs in the appointment or replacement of the Chief Audit Executive (CAE), and is responsible for ensuring that the CAE and internal audit function are free from interference by outside parties. It also ensures that an annual review is performed with regard to the effectiveness of the internal audit mechanism, including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics.It provides oversight of Management's activities in maintaining an adequate internal control framework, managing credit, market, liquidity, operational, legal and other risks of the Bank, including regular receipts from management of information on risk exposures and risk management activities. It likewise ensures that internal and external auditors remain independent and are given unrestricted access to records, properties and personnel, to enable them to perform their respective audit functions. It has the explicit authority to investigate any matter within its terms of reference, in order to ensure the effectiveness and efficiency of the Bank's internal controls. The Audit Committee had 15 meetings in 2019.

Director	Attendance
Alberto S. Yao (Chairman)	14
Joaquin T. Dee	15
Philip S.L. Tsai	15

- **Compliance Committee** is tasked to monitor compliance with established bank laws, rules and regulations specifically in creating a dynamic and responsive compliance risk management system for identifying and mitigating risks that may erode the franchise value of the Bank, and ensuring that management is doing business in accordance with the said prescribed laws, rules and regulations including policies, procedures, guidelines and best practices. The Compliance Committee had 12 meetings in 2019, including 11 joint meetings with the Corporate Governance Committee.

Director	Attendance
Hans T. Sy (Chairman)	10
Joaquin T. Dee	12
Alberto S. Yao	11

- **Risk Oversight Committee** is responsible for the development and oversight of the Bank's risk management functions, including the evaluation of the effectiveness of the enterprise risk management framework and ensuring that corrective actions are in place to address concerns in a timely manner. It oversees the risk taking activities of the Bank and warrants the continued relevance, comprehensiveness and overall value of the institutional risk management plan. The Risk Oversight Committee had 11 meetings in 2019, including 1 joint meetings with the Executive Commitee.

Director	Attendance
Margarita L. San Juan (Chairman)	11
Hans T. Sy	11
Alberto S. Yao	11

- **Nominations Committee** is responsible for reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval, including promotions favorably endorsed by the Promotions Review Committee. It is also tasked to review the qualifications of the candidates, to ensure that their qualities and/or skills are appropriate for leading and assisting the Bank in achieving its vision and corporate goals. The Committee is composed entirely of Independent Directors. The Nominations Committee had 18 meetings in 2019, including 11 jointly with the Corporate Governance Committee.

Director	Attendance
Angeline Ann H. Hwang [+(a)] (Chairman)	9
Alberto S. Yao	17
Margarita L. San Juan	18
Philip S.L. Tsai[(b)]	17

(a) Chairman from May 2, 2019; attended 9 out of 11 joint meetings
(b) Chairman up to May 1, 2019
+ Director Hwang passed away on April 11, 2020.

- **Remuneration Committee** provides oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the interest of all stakeholders and the Bank's culture, strategy and control environment. The Remuneration Committee had 2 meetings in 2019.

Director	Attendance
Philip S.L. Tsai (Chairman)	2
Hans T. Sy	2
Alberto S. Yao	2
Harley T. Sy	2
Margarita L. San Juan	2

- **Related Party Transactions Committee** is responsible for reviewing all material related party transactions (RPTs) to ensure that they are conducted at an arm's length. Composed entirely of Independent Directors, the committee oversees the proper implementation of the RPT Policy and ensures that corresponding transactions are duly identified, measured, monitored, controlled and reported. The Related Party Transaction Committee had 12 meetings in 2019.

Director	Attendance
Philip S.L. Tsai (Chairman)	12
Alberto S. Yao	10
Margarita L. San Juan	12
Angeline Ann H. Hwang +(a)	7

(a) Member from May 2, 2019; attended 7 out of 7 meetings
\+ Director Hwang passed away on April 11, 2020.

- **Trust Investment Committee** provides oversight functions, overall strategic business development and financial policy directions to the Trust and Asset Management Group. It oversees the trust, investment management and fiduciary activities of the Bank, and ensures that they are conducted in accordance with applicable rules and regulations, and judicious practices. Moreover, it ensures that prudent operating standards and internal controls are in place and that the Board's objectives are clearly understood and duly implemented by the concerned units and personnel. The Trust Investment Committee convened 11 times in 2019.

Director	Attendance
Herbert T. Sy (Chairman)	11
Jose T. Sio	11
Peter S. Dee	11
William C. Whang	11
Mary Ann T. Lim	11

Additional details on the Committees and their charters can be accessed through the Bank's website at www.chinabank.ph.

Corporate Secretary

Assisting the Board of Directors in the effective and efficient discharge of their duties is the Corporate Secretary. Our Corporate Secretary, Atty. Corazon I. Morando, reports operationally to the Chairman and is accountable to the Board. Her duties and responsibilities are clearly stated in the Bank's Corporate Governance Manual.

The Corporate Secretary is a senior, strategic-level corporate officer who has the vital role of official record keeper responsible for the administrative side of Board and committee meetings; corporate governance gatekeeper responsible for overseeing sound board practices; and Board liaison who works and deals fairly and objectively with the Board, Management, stockholders and other stakeholders.

Board Training and Orientation Program

In compliance with existing rules and regulations and as part of the continuing education program, the Board undergoes an annual training. Last August 7, 2019, the directors and members of the Management Committee, together with key officers of the Bank, have attended the Bank's exclusive advanced Corporate Governance training facilitated by the Institute of Corporate Directors (ICD). The said training focused on the revised Corporation Code; Anti-Money Laundering (AML) in the age of technology; and other AML updates.

A new member of the Board is briefed on his duties and responsibilities and is given an orientation kit, containing: (1) Specific Duties and Responsibilities of Directors, (2) Corporate Governance Manual and (3) applicable Board Committee Charters. A new member is also required to attend an orientation program from accredited training providers.

Performance Evaluation for the Board, Individual Directors, Board Committees and President

The Bank has an annual performance assessment to determine the level of compliance of the Board, individual Directors, all Board-level Committees, and the President with leading principles and practices on good governance and to identify areas for improvement. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment. The Compliance Division summarizes the results of the evaluation and reports it to the Board through the Corporate Governance Committee. The Board reviews the results and evaluates the enhancements needed in order to improve the performance of the Board collectively, the individual directors, and the various committees. The assessment shall be validated by an external facilitator every three (3) years.

In 2019, there are no significant deviations and in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.

Compliance System

The Compliance Division plays a crucial role in fostering a culture of group-wide compliance in all facets of the Bank, assists the Board in the discharge of its governance function to protect the Bank‘s reputation and its stakeholders‘ interests. In place is a compliance risk management system that is designed to identify and mitigate risks, and ensure the Bank‘s safety and soundness. Moreover, the division ensures that employees at all levels are aware of and comply with all applicable laws, rules and regulations, by cascading the compliance plan to them and in disseminating all latest issuances, advisories, notices, and other regulatory matters.

Compliance Division is headed by the Chief Compliance Officer (CCO), Atty. Aileen Paulette S. De Jesus, who reports functionally to the Compliance and the Corporate Governance Committees and administratively to the Bank‘s President. The Compliance function is supported by a duly approved Compliance Charter that defines the duties and responsibilities, mandate, independence, and manner on which compliance is implemented. At the helm of this function is the Regulatory Compliance Department, which ensures that the compliance system is updated and implemented accordingly. The Corporate Governance Department carries out and manages the implementation of the corporate governance mandates. On the other hand, the IT Compliance Department provides the necessary IT support to the AML Compliance Department in the administration of the Bank‘s AML system, the Base60. The Associated Person is responsible for the Bank‘s compliance with the Securities Regulations Code, including relevant laws and issuances related thereto. All units in the Bank have Compliance Coordinators to ensure that all risks associated with the operations and business of the individual units are identified, monitored, and mitigated.

To enhance regulatory, compliance and good governance awareness and continuously strengthen the implementation of our compliance culture within the Bank, the Compliance Division:

1. Cascades all recent laws, rules, and regulations to all concerned;

2. Acts as liaison for the Board and Management on regulatory compliance matters, with the regulatory agencies;

3. Provides advisory services, including reviewing proposed Bank products and services;

4. Reviews and updates the Compliance Manual, Money Laundering and Terrorist Financing Prevention Program and Corporate Governance Manual annually, to align with recent regulatory requirements;

5. Continuously educates Bank employees about compliance, anti-money laundering, good governance and its benefits, the Bank‘s Code of Ethics, the policy on avoidance of conflict of interest, among others, to ensure that everyone in the institution is in the same direction towards good governance and to develop a culture of trust and integrity and to enable the employees of the Bank embrace the principles set forth by the Board;

6. Conducts briefings for Compliance Coordinators in the branches and Head Office to raise the level of awareness and understanding of the principles, concepts, and elements of good corporate governance and compliance. The Compliance Coordinators are required to cascade their learnings to their respective areas; and

7. Conducts lectures to all new employees of the Bank for the basic orientation on Compliance System, AML, Whistleblowing, and Corporate Governance giving them an overview of the Bank‘s Compliance Risk Management

System. Compliance Division also conducts lectures during the Junior Executive Development (JED) and Supervisory Development Program (SDP), among others.

Governance Policies

- **Corporate Governance Manual**

  In place is an extensive Corporate Governance Manual that contains the Bank's corporate governance policies, structure, and principles, as well as the general and specific duties and responsibilities of the Board and the individual directors. The Manual is kept updated to ensure that it is aligned with latest regulatory issuances. To enjoin Bank-wide compliance and for easy access, a copy of the Manual is available in the Bank's intranet facility, under the Compliance Office Public Folder. The CCO is primarily tasked to monitor compliance with the Manual, and is always available to respond to inquiries from Bank officials and personnel regarding good corporate governance policies and practices.

  In 2019, the Bank has fully complied with the provisions of the Corporate Governance Manual.

- **Board Remuneration**

  The directors are entitled to a *per diem* of five hundred pesos (P500.00) for attendance at each meeting of the Board of Directors or of any Committee, or as may be determined from time to time by stockholders owning or representing a majority of the subscribed capital stock, at any regular or special meeting. In accordance with Article VIII of the Bank's By-Laws, a portion of the net earnings shall be given to the members of the Board.

- **Dividend Policy**

  The Bank, as a matter of policy, will declare cash dividends at a payout ratio of approximately thirty percent (30%) of the net income of the prior year, subject to the conditions and limitations set forth in this policy statement. The Bank's Dividend Policy is an integral component of its Capital Management Policy and Process. Its fundamental and overriding philosophy is sustainability.

  Dividend payouts are reviewed annually. These are referenced against the Bank's Capital Management Process. Dividend payouts are calibrated based on the prior year's earnings while taking into consideration dividend yields, future earnings streams and future business opportunities.

  In declaring dividend payouts, the Bank uses a combination of cash or stock dividends as follows:

  1. The dividend is increased in response to the Bank's achieving a higher level of sustainable earnings.

  2. Dividends may be increased for a specific year to plow back to shareholders a commensurate share of unusually high earnings for a given year.

  The Bank's capital management philosophy and process, and consequently its Dividend Policy which comprises an integral component of this undertaking, are driven by the following primary objectives:

  1. Ensuring compliance with externally imposed regulatory capital requirements.
  2. Maintaining strong credit ratings.
  3. Maintaining healthy capital ratios to support its business and maximize shareholder value.

  Moreover, the Bank manages its capital structure and makes adjustments to it in the light of:

  1. Changes in economic conditions.
  2. The risk characteristics of its activities.
  3. The assessment of prospective business requirements or directions.

- **Whistleblowing**

The Bank does not and will not tolerate unethical conduct. Hence, a whistle-blowing policy is in place, wherein employees, customers, shareholders, and third party service providers are encouraged to report questionable activity, unethical conduct, fraud or any other malpractice by mail, phone or e-mail, without fear of reprisal or retaliation as the identity of the whistle blower is kept confidential.

The Bank's CCO determines the substance and validity of all whistle-blower reports. Reports can also be disclosed to any officer of the Bank, the Risk Management Group, Internal Audit Division and the Human Relations Group (HRG).

- **Code of Ethics**

The Bank is committed to conduct its business in an honest and ethical manner, well guided by its core values, namely: integrity, high performance standards, commitment to quality, customer service focus, concern for people, efficiency and resourcefulness, and initiative in carrying out its functions and in dealing with its clients. These core values are also the foundation of the Bank's Code of Ethics.

Setting the tone from the top, our Board of Directors is fully committed to principled conduct of business. Just as it expects full compliance to the Code of Ethics from all Bank employees, the body believes that its members should also uphold the principles of integrity, fairness, accountability and transparency at all times.

The Code of Ethics for Directors articulates the acceptable practices in relation to both internal and external dealings (i.e., investors, creditors, customers, depositors, contractors, suppliers, regulators, and the general public) of the members of the Board. It also provides the guiding principles on the performance of their duties in accordance with the fit and proper rules; and establishes standards for professional and ethical conduct. All new directors are given a copy of the Code, which they acknowledge receipt of the same.

To ensure that business is carried out in compliance with relevant laws and in the protection of the interest of the Bank's customers, shareholders and other stakeholders, the Bank's HRG has disseminated the Bank's Code of Ethics to all employees, including new hires. Employees are required to sign an acknowledgement receipt that they have received a copy of the Code of Ethics.

Copies of the Codes are also made available in the Bank's intranet to be readily accessible to all employees, and are also available on the Bank's website. A comprehensive discussion on the Code of Ethics is conducted with new employees of the Bank to foster a culture of awareness on the Bank's core values. Such discussion also highlights the behavioral standards, business conduct, and corresponding sanctions for violations of the Code of Ethics.

- **Policy on Conflict of Interest**

In accordance with the Bank's Code of Ethics, conflict of interest between the Bank and its employees should be avoided at all times. However, should a conflict arise, the interest of the Bank must prevail. Employees are not permitted to have or be involved in any financial interests that are in conflict or appear to be in conflict with their duties and responsibilities to the Bank. They are likewise barred from engaging in work outside of the Bank unless with duly-approved permission, as well as work that lies in direct competition with the Bank.

- **Disclosure and Transparency**

The Bank is committed to a high standard of disclosure and transparency to facilitate understanding of the Bank‘s true financial condition and the quality of its corporate governance. All material information about the Bank is disclosed in a timely manner, in accordance with the disclosure rules of the SEC and the PSE. In addition to compliance with the reportorial requirements like publishing quarterly financial statements in leading newspapers and producing a comprehensive annual report for the Bank‘s annual stockholders‘ meeting, the Bank promptly discloses major and market-sensitive information like dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets, as well as financial and non-financial information that may affect or influence the decision of the investing public, in the form of press releases in newspapers and reports in our internal publications. We also electronically file our disclosures through EDGE which are then posted on the PSE‘s website. The Bank‘s corporate website is likewise regularly updated to include the latest news and current information about the Bank.

The Bank aims to ensure that information about its products and services are clear, understandable, accurate, and accessible. We give all necessary and relevant information to our customers so that they can make informed decisions when transacting with us. The information is communicated to our customers through the use of different media and channels such as printed materials that are prominently displayed in our branches or directly sent to customers—TV, print, radio and other forms of advertisements; our website and social media channels such as Twitter and Facebook; and our Customer Contact Center. All consumer information required by the BSP are likewise openly displayed at our branches. Our branch personnel are trained to handle inquiries about any information in a professional manner to explain risks relating to our products and services and to provide advice on financial matters.

Item 6. Management Discussion and Analysis or Plan of Operation
(March 31, 2020 and Last Three Years 2019, 2018, and 2017)

(a) Financial and Operating Highlights

In Million Pesos	Mar 31, 2020 Unaudited	Dec 31, 2019 Audited	Dec 31, 2018 Audited	Dec 31, 2017 Audited	Dec 31, 2016 Audited
Assets	984,225	962,226	866,072	751,448	633,198
Investment Securities	242,788	212,836	190,235	127,971	98,982
Loan Portfolio (Net)	583,745	568,919	505,805	448,971	386,827
Total Deposits	784,589	775,428	722,123	635,093	541,583
Equity	96,805	96,176	87,857	83,655	63,386

Balance Sheet – March 31, 2020 vs. December 31, 2019

Total assets recorded a P22.0 billion increase to P984.2 billion.

Cash and other cash items fell 13.7% to P14.5 billion due to the leveling-off of cash-in-vault from its usual year-end build-up. Due from Bangko Sentral ng Pilipinas was 21.9% lower to P78.3 billion due to the reduction in reserve requirement by the end of March, as well as the smaller overnight placements with the BSP. Interbank loans receivable and securities purchased under resale agreements also dropped by 75.6% to P4.2 billion with lower placements with correspondent banks. Meanwhile, due from other banks increased by P14.7 billion to P24.6 billion with the growth in deposits with other banks.

Total investment securities amounted to P242.8 billion, up 14.1%. The build-up in securities volume raised the portfolio of financial assets at fair value through other comprehensive income (FVOCI) by P36.7 billion or 140.5% to P62.8 billion. Financial assets at fair value through profit or loss (FVPL) posted an P11.8 billion or 63.8% decrease to P6.7 billion due to lower volume of fixed income assets. The Bank's securities portfolio accounted for 25% of assets, higher than 22% at 2019-end.

Net loans stood at P583.7 billion, up P14.8 billion from the growth in demand across all customers segments.

Accrued interest receivable amounted to P6.3 billion, down 12.2% from the drop in interbank loans ad SPURA and FVPL securities. Investment in associates increased 5.8% to P744.8 million from higher income contribution of the Bank's affiliate, MCBLife. Other assets increased by P513.4 million or 7.5% mainly from higher accounts receivables.

Total deposits ended at P784.6 billion, of which demand and savings deposits totaled P409.4 billion. Bills payable increased by 33.2% to P44.5 billion with the growth in interbank borrowings. Manager's checks declined 33.4% to P1.3 billion because of lower demand from branch customers. Income tax payable increased to P864.6 million due to higher income subject to regular corporate income tax for the period. Accrued interest and other expenses were 20.9% larger at P5.0 billion from the booking of accruals and payroll expenses. Higher volume of currency swaps resulted increases in derivative liabilities and derivative liabilities designated as hedges by P411.3 million and P524.9 million, respectively.

Total equity reached P96.8 billion and was driven by the 4.4% increase in surplus. Net unrealized loss on FVOCI amounted to P647.0 million from a gain of P417.6 million because of the mark-to-market revaluation of the Bank's FVOCI securities. Cumulative translation adjustment improved 24.6% to P8.5 million due to exchange rate difference arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency.

The Bank's Common Equity Tier 1 (CET 1 / Tier 1) ratio and total CAR were computed at 12.14% and 13.02%, respectively; well above the minimum regulatory requirement.

Balance Sheet – December 31, 2019 vs. December 31, 2018

Assets grew by 11.1% to P962.2 billion from P866.1 billion mainly from the build-up in loans and liquid assets.

Cash and other cash items increased by 7.7% to P16.8 billion from P15.6 billion due to the higher cash requirements from the branch network expansion. **Interbank loans receivable and securities purchased under resale agreements** rose 42.0% to P17.0 billion from higher overnight placements with the BSP.

Total investment securities amounted to P212.8 billion, up 11.9%. The build-up in securities volume raised the portfolio of **financial assets at fair value through profit or loss (FVPL)** by P10.9 billion to P18.5 billion and **financial assets at fair value other comprehensive income (FVOCI)** by P16.0 billion to P26.1 billion.The Bank's securities portfolio remained at 22.0% level of consolidated resources.

The Bank's **liquidity ratio** stood at 37%, slightly lower than last year's 38%.

Gross loan portfolio was at P577.8 billion, 12.7% higher year-on-year, while **net loans** stood at P568.9 billion, up P63.1 billion or 12.5% as the demand across market segments steadily increased.

Accrued interest receivable amounted to P7.2 billion, up P1.5 billion from P5.7 billion because of the increase in earning assets. **Investment in associates** saw a P369.1 million increase to P704.2 million because of additional capital infused to the Bank's affiliate, MCBLife, as well as its higher income contribution. **Bank premises, furniture, fixture, and equipment and right-of-use assets** grew by P2.7 billion or 41.9% to P9.2 billion from PFRS-16 related adjustments**. Investment properties** dropped 9.4% to P4.4 billion due to the sale and disposal of foreclosed properties. The booking of additional allowance for credit losses raised **deferred tax assets** by P856.1 million to P3.4 billion. **Other assets** grew by 10.7% to P6.9 billion from higher miscellaneous items such as creditable withholding taxes and returned checks and other cash items (RCOCI).

On the liabilities side, **total deposits** increased by 7.4% to P775.4 billion from P722.1 billion, of which CASA (demand and savings deposits) totaled P411.8 billion. **Bills payable** dropped P6.5 billion or 16.2% to P33.3 billion from lower interbank borrowings and BSP rediscounted loans. The Bank booked P37.4 billion in **bonds payable** comprised of the P30-billion Peso fixed-rate retail bond and USD 150-million Green bond issuance to the International Finance Corporation (IFC).

Manager's checks dropped by 22.5% to P2.0 billion from P2.6 billion because of lower customer demand. **Income tax payable** amounted to P540.7 million, up P63.1 million or 13.2% due to additional regular corporate income taxes payable for the year. **Accrued interest and other expenses** were up by 7.3% to P4.1 billion because of the booking of accruals and payroll expenses. **Derivative liabilities** increased to P1.0 billion from P455.1 million from higher volume of currency swaps during the period. The 12.0% drop in **deferred tax liabilities** was attributable to the savings bank subsidiary. **Other liabilities** increased P3.3 billion to P11.0 billion mainly from lease-related liabilities from PFRS-16 related adjustments.

Total equity reached P96.2 billion, 9.5% higher than last year's P87.9 billion mainly from the 19.9% increase in **surplus** and the P1.1 billion improvement of **net unrealized gain on financial assets on FVOCI**. **Remeasurement gain on defined benefit asset** recorded a P485.6 million decline resulting from actuarial changes arising from changes in demographic assumptions. **Cumulative translation adjustment** totaled P6.8 million, up from (P91.7) million arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency.

The Bank's Common Equity Tier 1 (CET 1 / Tier 1) ratio and total CAR were computed at 12.76% and 13.67%, respectively, well above the minimum regulatory requirement.

Balance Sheet – December 31, 2018 vs. December 31, 2017

Total assets expanded by 15.3% to P866.1 billion from P751.4 billion mainly from the build-up in loans and liquid assets.

Cash and other cash item increased by 23.3% to P15.6 billion from P12.7 billion due to the higher cash requirements from the branch network expansion. **Due from other banks** decreased 39.5% to P9.5 billion from the drop in placements with correspondent banks. The Bank also reduced **interbank loans receivable and securities purchased under resale agreements** to P12.0 billion from lower overnight placements with the BSP.

Investment securities amounted to P190.2 billion, up by 48.7% from P128.0 billion. **Financial assets at fair value through profit or loss (FVPL)** decreased P8.6 billion or 53.2% to P7.6 billion. **Financial Assets at fair value through other comprehensive income (FVOCI),** formerly available-for-sale financial assets (AFS), declined P36.3 billion to P10.1 billion due to the sale of securities and PFRS-9 related adjustments. **Investment securities at amortized cost**, formerly held-to-maturity financial assets (HTM), climbed P107.3 billion to P172.5 billion with the build-up in fixed income assets and reclassification related to PFRS-9 implementation. The Bank's securities portfolio accounted for 22% of consolidated resources, higher than the 17% at year-end 2017.

The Bank's **liquidity ratio** stood at 38%, slightly higher than last year's 36%.

The Bank's **gross loan portfolio** expanded to P512.9 billion, 12.6% higher from last year's P455.6 billion with the growth in corporate and consumer loans, while **loans and receivables (net)** stood at P505.8 billion, up P56.8 billion or 12.7%.

Accrued interest receivables grew by 53.2% to P5.7 billion from P3.7 billion due to larger receivables from investment securities and uptick in loans.

Investment properties dropped 5.6% to P4.8 billion due to the sale and disposal of foreclosed properties. The booking of additional provision for impairment and credit losses raised **deferred tax assets** by P736.8 million to P2.5 billion.

On the liabilities side, **total deposits** increased by 13.7% to P722.1 billion from P635.1 billion, of which CASA (demand and savings deposits) totaled P400.8 billion. CASA ratio of 56% exceeded the 2017-end ratio of 54%. The Bank also issued Long-Term Negotiable Certificates of Time Deposit (LTNCDs) amounting to P10.25 billion in July 2018. **Bills payable** grew by 98.0% to P39.8 billion from the increase in alternative fund sources (interbank borrowings and BSP rediscounting). **Manager's checks** also went up by 5.6% to P2.6 billion from P2.4 billion because of higher customer demand. **Income tax payable** worth P477.6 million recorded a P115.5 million or 31.9% increase due to additional regular corporate income taxes payable for the year. **Accrued interest and other expenses** were up by 46.2% to P3.8 billion from the setup of interest accruals and payroll expenses. **Derivative liabilities** also expanded by P187.6 million or 70.1% to P455.1 million because of higher currency swaps volume. **Deferred tax liabilities** increased by 6.0% to P1.2 billion because of foreclosure gains. **Other liabilities** increased by P2.0 billion to P7.7 billion with the booking of expected credit losses (ECL) on off-balance sheet exposures amounting to P1.6 billion.

Total equity reached to P87.9 billion, 5.0% higher than last year's P83.7 billion. **Surplus reserves** went up by P3.1billion to P4.0 billion from the impact of PFRS-9 adoption. **Net unrealized loss on financial assets at FVOCI** improved P1.1 billion to (P702.5) million from (P1.8) billion arising from the mark-to-market revaluation of the Bank's unsold securities. **Remeasurement gain on defined benefit asset** registered a P166.7 million or 58.8% decrease to P117.0 million because of actuarial adjustments in the valuations of retirement plans last year. **Cumulative translation adjustment** fell to (P91.7) million from (P38.7) million due to exchange rate difference.

The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 12.16% and 13.09%, respectively. The difference was accounted by the general loan loss provision limited to 1% of credit risk weighted assets as buffer for potential losses.

Balance Sheet – December 31, 2017 vs. December 31, 2016

Total assets expanded by 18.7% to P751.4 billion from P633.2 billion mainly from the robust growth in liquid assets and core business.

Cash and other cash items increased by 5.6% to P12.7 billion from P12.0 billion due to the higher cash requirements from the branch network expansion. **Due from *Bangko Sentral ng Pilipinas*** grew by 7.1% to P98.5 billion from P92.0 billion as higher reserves were allotted to cover for the bigger deposit volume. **Due from other banks** went up by 38.0% to P15.6 billion from the build-up of deposits with correspondent banks. **Interbank loans receivable and securities purchased under resale agreements**, mainly composed of overnight placements with the BSP, recorded a P15.3 billion increase to P18.8 billion.

Investment securities totaled P128.0 billion, up by 29.3% from P99.0 billion, resulting in a higher share to total assets of 17% from 16% in 2016. **Financial assets at fair value through profit or loss (FVPL)** amounted to P16.2 billion, P8.5 billion larger due to the purchase of tradable securities and investments in shares of stocks. **Available-for-sale (AFS) financial assets** increased by 37.1% to P46.4 billion from P33.9 billion, while **held-to-maturity (HTM) financial assets** recorded a P7.9 billion or 13.7% growth to P65.3 billion as the Bank continued to expand its bond holdings.

The Bank's **liquidity ratio** stood at 36%, better than last year's 34%.

The Bank's **gross loan portfolio** grew 15.7% to P455.6 billion from P393.7 billion mainly from higher demand across all customer segments (corporate, commercial, and consumer). **Loans and receivables (net)** grew by 16.1% to P449.0 billion from P386.8 billion.

Accrued interest receivables grew by 23.4% to P3.7 billion from P3.0 billion due to uptick in interest earning assets such as AFS, HTM, and loans. **Investment in associates** went up by 19.1% or P52.9 million to P329.4 million mainly due to higher contribution from the bancassurance joint venture, Manulife-China Bank Life Assurance Corporation (MCBLife).

Bank premises, furniture, fixture, and equipment grew by 5.8% or P379.6 million due to the continued network expansion and technology upgrade. On the other hand, **investment properties** dropped P277.6 million or 5.2% due to the sale and disposal of foreclosed properties. The booking of additional provision for probable losses raised **deferred tax assets** by P111.8 million to P1.8 billion. **Other assets** declined by P677.8 million or 9.8% to P6.2 billion mainly because of lower accounts receivables.

On the liabilities side, **total deposits** increased by 17.3% to P635.1 billion from P541.6 billion mainly from the ongoing branch expansion and more customer acquisition efforts. CASA (checking & savings) were P66.6 billion or 24.1% higher at P343.0 billion, improving the CASA ratio to 54% from 51% in 2016. **Bills payable** grew by 18.7% to P20.1 billion due to higher foreign currency-denominated borrowings. **Manager's checks** also went up by 20.3% to P2.4 billion from P2.0 billion because of higher customer demand. Meanwhile, **income tax payable** saw a 17.2% or P75.3 million drop to P362.0 million from savings in regular corporate income tax payable for the year. **Accrued interest and other expenses** were up by 40.7% to P2.6 billion from the setup of accruals and payroll expenses. **Derivative liabilities** also expanded by P24.3 million or 10.0% to P267.5 million because of the higher volume of currency swaps.

Total equity grew to P83.7 billion, 32.0% higher than last year's P63.4 billion primarily because of the upturn in capital stock and retained profits. **Capital stock** rose to P26.8 billion from P20.0 billion mainly from the issuance of 484 million stock rights at par value, as well as the declaration of 8% stock dividends. Likewise, **capital paid in excess of par** added P10.1 billion to previous year's outstanding balance following the completion of the P15-billion stock rights offer. **Surplus** increased by P3.5 billion or 9.4% to P40.4 billion mainly from retained earnings, net of total cash dividends worth P2.0 billion and stock dividends of P2.0 billion. **Net unrealized loss on available-for-sale securities** widened to (P1.8) billion from (P1.6) billion because of the mark-to-market revaluation loss on the Bank's unsold securities. **Remeasurement gain on defined benefit asset** registered an 11.7% increase to P283.8 million because of actuarial adjustments to the valuations of retirement plans. **Cumulative translation adjustment** meanwhile showed a higher negative balance at (P38.7) million from (P22.5) million last year due to the exchange rate differences arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency. The Bank also recognized **remeasurement on life insurance reserve of associate** amounting to (P12.2) million.

The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 13.47% and 14.22%, respectively. The difference was accounted by the general loan loss provision limited to 1% of credit risk weighted assets as buffer for potential losses.

Income Statement

In Million Pesos	Mar 31, 2020 Unaudited	Mar 31, 2019 Unaudited	Dec 31, 2019 Audited	Dec 31, 2018 Audited	Dec 31, 2017 Audited	Dec 31, 2016 Audited
Interest Income	12,139	11,387	47,685	35,213	26,539	21,892
Interest Expense	4,212	5,458	21,634	12,286	6,913	5,197
Net Interest Income	7,927	5,929	26,051	22,926	19,626	16,694
Non-Interest Income	1,150	1,294	8,431	5,658	6,102	5,095
Provision for Impairment & Credit Losses	412	273	2,570	141	754	851
Operating Expenses	5,841	4,801	20,324	18,056	15,962	13,351
Net Income	2,220	1,860	10,075	8,116	7,523	6,461

Income Statement – For the quarter ended March 31, 2020 and March 31, 2019

The Bank recorded a 19.3% hike in net income to P2.2 billion for the first quarter of 2020 from the P1.9 billion posted in the same period last year driven by sustained growth of its core businesses. Return on equity was recorded at 9.15%, while return on assets was at 0.92%.

Total interest income increased 6.6% to P12.1 billion from P11.4 billion. Interest income from loans and receivables was up 5.5% to P9.2 billion from P8.7 billion from the year-on-year expansion in loan portfolio. Interest income from financial assets at FVPL recorded an 82.9% increase to P225.2 million from the build-up in securities holdings. Furthermore, interest income from due from BSP and other banks and SPURA was 23.2% higher at P302.2 million because of the growth in placements with correspondent banks.

Total interest expense amounted to P4.2 billion, P1.2 billion or 22.8% lower than last year as interest expenses on deposit liabilities decreased 33.7% to P3.3 billion due to lower cost of funds for the quarter. Meanwhile, interest expenses on bills payable and other borrowings was P433.7 million higher due to volume-related growth and PFRS-16 related adjustments.

Net interest income for the quarter jumped 33.7% to P7.9 billion. The Bank's net interest margin improved to 3.82% from 3.32% due to the growth in earning assets, as well as lower funding costs.

Provision for impairment and credit losses totaled P412.5 million, 50.9% more as the Bank reassessed its provisioning in view of the possible impact of the COVID-19 pandemic and the Luzon-wide ECQ.

Total non-interest income decreased 11.1% to P1.2 billion mainly from the P166.2 million trading and securities loss during the quarter due to weaker market conditions and lower trading opportunities amid the global pandemic. Income from assets acquired dropped 6.1% to P76.1 million because of smaller sales volume of foreclosed properties. Meanwhile, foreign exchange gain grew by P201.3 million to P127.1 million from P74.3 million loss given the favorable environment in the Peso-Dollar exchange.

Operating expenses surged 21.7% to P5.84 billion from higher manpower, marketing- and information technology-related expenses. Compensation and fringe benefits increased 14.1% to P1.6 billion from the increase in human resource complement and accrual of salary increases. Taxes and licenses were up 15.3% to P1.0 billion due to higher gross receipts, documentary stamp, and volume-related taxes. Occupancy costs fell 15.3% to P414.9 million due to PFRS-16 related adjustments. Insurance, which includes PDIC premium payments, recorded a 7.1% increase with the upward swing in deposits. Depreciation and amortization was 8.2% higher at P478.7 million due to continued investments in business expansion and technology platform upgrades, as well as PFRS-16 related adjustments. Entertainment, amusement and recreation increased 6.4% to P75.2 million from the accrual of marketing-related expenses. Meanwhile, miscellaneous expenses rose by 71.4% to P1.7 billion primarily from higher information technology-related expenses and provision for additional costs related to the Luzon-wide ECQ, among others.

Income Statement – For the years ended December 31, 2019 and 2018

For 2019, the Bank recorded a **net income** of P10.1 billion, 24.1% higher than P8.1 billion in 2018 due to higher operating income, resulting in a return on equity of 11.04*%* and return on assets of 1.10%.

Total interest income climbed 35.4% to P47.7 billion from P35.2 billion with the growth in earning assets. **Interest income from loans and receivables** was up 27.9% to P36.1 billion from P28.2 billion on the back of robust year-on-year loan portfolio expansion. **Interest income from investment securities at amortized cost and at FVOCI and financial assets at FVPL** recorded increases at 67.3% and 67.5%, respectively, from the build-up in securities holdings. Furthermore, **interest income from due from BSP and other banks and SPURA** registered a 53.1% increase to P1.1 billion from P727.3 million with the growth in placements with BSP and other banks.

Total interest expense amounted to P21.6 billion, P9.3 billion or 76.1% higher than last year due to fund build-up. **Interest expense on deposit liabilities** increased 59.8% to P18.6 billion arising from the deposit expansion. **Interest expense on bonds payable, bills payable and other borrowings** was P2.1 billion higher due to volume-related growth including the Bank's P30-billion Peso retail bond and USD 150-million Green bond. There was a P264.2 million **lease payable** that the Bank incurred from PFRS-16 related adjustments.

Net Interest income rose 13.6% or P3.1 billion to P26.1 billion. The Bank' reported consolidated **net interest margin** of 3.39% from last year's 3.56%.

Provision for impairment and credit losses grew by P2.4 billion to P2.6 billion because of the growth in loan portfolio and of the changes affecting the inputs to the Bank's expected credit loss calculation models.

Total **non-interest income** surged 49.0% to P8.4 billion mainly driven by improvements in service charges, fees and commissions, as well as trading and securities gains. **Service charges, fees, and commissions** increased by 18.7% to P3.3 billion from the upswing in commissions and transactional fee income. Trading opportunities boosted the Bank's profitability as **trading and securities gain** and **Gain on disposal of investment securities at amortized cost** jumped to P884.5 million and P1.4 billion, respectively. Lower sales of foreclosed assets resulted in a 14.9% drop in **gain on sale of investment properties** to P864.4 million and 81.2% decrease in **gain on asset foreclosure and dacion transactions** to P47.5 million. **Trust fee income** increased by P51.3 million or 16.8% to reach P357.1 million with the steady growth in trust assets under management. **Share in net income of an associate** recorded an P83.7 million increase to P184.7 million from P101.0 million because of the improved profitability of the bancassurance joint venture, MCBLife. **Miscellaneous income** decreased by 5.4% to P1.2 billion with the booking of one-off gains last year.

Meanwhile**,** the ongoing upgrading of systems, processes, infrastructure, and manpower resulted in the 12.6% increase in **operating expenses** to P20.3 billion.Nevertheless, the significant year-on-year increase in operating income improved cost-to-income ratio to 59% from last year's 63%. **Compensation and fringe benefits** increased 7.9% to P6.6 billion from the growth in manpower complement. **Taxes and licenses** increased by 32.8% to P3.9

billion from higher documentary stamp, gross receipts, and business volume related taxes. **Occupancy costs** fell by 22.9% to P1.8 billion due to PFRS-16 related adjustments. **Insurance**, which includes PDIC premium payments, grew 12.4% to P1.9 billion with the expansion in deposits. **Depreciation and amortization** recorded an increase of 49.7% due to the capitalization of depreciable Right-of-use Assets upon the implementation of PFRS 16. **Repairs and maintenance** increased by 21.8% due to the continued investments in our distribution channel and technology upgrades.‘ **Professional fees, marketing, and other related services**; **entertainment, amusement and recreation**; and **transportation and traveling** likewise rose by 17.0%, 25.7%, 16.9% respectively, with the ramp-up in business development and marketing efforts. **Miscellaneous expenses** rose by 13.1% to P2.3 billion mainly from increases in information technology-related expenses, litigation and provision for year-end expenses.

Income Statement – For the years ended December 31, 2018 and 2017

The Bank recorded a 7.9% improvement in **net income** to P8.1 billion, which translated to a 9.54% return on equity (ROE) and 1.04% return on assets (ROA).

Total interest income increased 32.7% to P35.2 billion from P26.5 billion in the same period last year. **Interest income from loans and receivables** was up 29.6% to P28.2 billion from P21.75 billion on the back of robust year-on- year loan portfolio expansion. **Interest income from investment securities at amortized cost and at FVOCI** was 65.2%. higher at P5.9 billion from the year-on-year growth in securities holdings. **Interest income from due from BSP and other banks and securities purchased under resale agreements** registered an 11.4% drop to P727.3 million from P820.7 million because of lower BSP and interbank placements.

Total interest expense amounted to P12.3 billion, P5.4 billion or 77.7% larger than last year due to the build-up in funds which include the P10.25 billion LTNCD issue in the third quarter. **Interest expenses on deposit liabilities** increased 78.2% to P11.6 billion arising from the deposit expansion and higher funding costs. **Interest expenses on bills payable and other borrowings** was 70.1% higher at P665.3 million due to higher foreign currency denominated liabilities.

Net Interest income increased P3.3 billion or 16.8% to P22.9 billion. The Bank's consolidated **net interest margin** was recorded at 3.56% from 3.60% last year as higher interest revenues were offset by higher funding cost.

Provision for impairment and credit losses, computed under PFRS-9, totaled P141.1 million, down P613.1 million or 81.3%. Inclusive of appropriated retained earnings, total provisions would amount to P481.5 million.

Total **non-interest income** declined P443.4 million or 7.3% mostly from the drop in **trading and securities gain** to (P271.6) million from P480.0 million arising from rate volatility that affected both the dealership business and returns on tradable securities. **Service charges, fees, and commissions** increased by 13.7% to P2.8 billion from the upswing in investment banking fees and transactional fee revenues. **Gain on sale of investment properties** was up by 51.4**%** to P1.0 billion due to robust sales of foreclosed assets. **Gain on asset foreclosure and dacion transactions** also improved by 60.4% to P 252.5 million because of the upside revaluation on foreclosed assets. **Foreign exchange gain** decreased 44.1% to P216.0 million from P386.0 million because of the month-to-month movement in the Peso-Dollar exchange rate. **Trust fee income** likewise dropped by P70.6 million or 18.8% to reach P305.8 million due to the drop in related fees. **Share in net income of associates** recorded a P27.9 million increase to P101.0 million from P73.1 million because of the improved profitability of bancassurance joint venture MCBLife. **Miscellaneous income** decreased by 16.8% to P1.3 billion with the booking of one-off gains last year.

Operating expenses (excluding provision for impairment and credit losses) increased 13.1% to P18.1 billion as the Bank carried out its expansion by investing in new branches, more people, and up-to-date technology to support the growth of new businesses. Cost-to-income ratio slightly climbed to 63% from 62% last year. **Compensation and fringe benefits** increased 7.5% to P6.1 billion from the increase in human resource complement. **Taxes and licenses** increased by 29.2% to P2.9 billion from higher documentary stamp (as a result of the implementation of the Tax Refom for Acceleration and Inclusion Act), gross receipts, and other business taxes. Meanwhile, the continued outlay and investments related to the network & business expansion increased **occupancy costs** by 10.6% to P2.3 billion, as well as **depreciation and amortization** by 6.6% to P1.3 billion. **Insurance**, which includes PDIC premium payments, grew 15.9% to P1.7 billion with the expansion in deposits. **Professional fees, marketing, and other related services**; **entertainment, amusement and recreation**; and **transportation and traveling** likewise rose by 12.9%, 32.4%, 27.9% respectively, with the ramp-up in business development and marketing efforts. Also, the

Bank's **repairs and maintenance** was 25.8% higher at P131.2 million mainly due to technology upgrade. **Miscellaneous expenses** went up by 10.0% or P187.1 million primarily from increases in information technology related expenses, litigation, and transactional costs.

Income Statement – For the years ended December 31, 2017 and 2016

The Bank recorded a 16.4% improvement in **net income** to P7.5 billion for 2017, which translated to a 10.01% return on equity (ROE) and 1.12% return on assets (ROA).

Total interest income increased by 21.2% to P26.5 billion from P21.9 billion, largely from the 21.6% uptick in **interest income from loans and receivables** to P21.8 billion, driven by sustained core business expansion. **Interest income from investment securities** was 20.8% higher at P4.0 billion due to higher accrual revenue coming from the larger investment securities portfolio. **Interest income from due from BSP and other banks and securities purchased under resale agreements** registered a 14.1% increase to P820.7 million from P719.4 million because of higher BSP and interbank placements.

Total interest expense amounted to P6.9 billion, up P1.7 billion mainly from increase in **interest expense on deposit liabilities** by 35.0% to P6.5 billion which was caused by funds build-up. Similarly, **interest expense on bills payable and other borrowing** grew by P25.1 million or 6.9% to P391.0 million due to the uptick in fund borrowings.

Despite the 17.6% improvement in **net interest income** to P19.6 billion, consolidated **net interest margin** fell to 3.60% from 3.70% as the full-year impact of rising funding costs tempered topline gains.

Provision for impairment and credit losses figured at P754.2 million, P96.4 million or 11.3% lower from prudent credit expansion coupled with the reduction in defaults & soured loans.

Total **non-interest income** improved by 19.8% to P6.1 billion due to higher fees & commissions, significant revenues from the sale of investment properties, and booking of one-off gains. **Service charges, fees, and commissions** grew by 15.0% to P2.4 billion from the upswing in investment banking fees, credit card commissions, and transactional fee revenues. **Foreign exchange gain** grew by 21.3% or P67.9 million to P386.0 million because of larger deal volume and month-to-month movement in the Peso-Dollar exchange rate. **Trust fee income** likewise exceeded previous year's gains by P46.1 million or 14.0% and reached P376.3 million with the expansion in assets under management. **Gain on sale of investment properties** saw a 51.3% improvement to P670.6 million from robust sales of the Bank's foreclosed assets. However, **gain on asset foreclosure and *dacion* transactions** declined by P15.1 million or 8.7% due to the smaller volume of foreclosed properties. **Share in net income of associates** recorded a P162.5 million turnaround to P73.1 million from a loss of P89.4 million because of the improved profitability of MCBLife. **Miscellaneous income** increased by 72.6% to P1.5 billion from the higher recoveries of charged-off assets and recognition of one-off gains. Meanwhile, **trading and securities gain** dropped to P480.0 million from P918.1 million because of rate volatilities that affected both the dealership business and returns on tradable securities.

Operating expenses rose 19.6% to P16.0 billion as a result of the ongoing business expansion. **Compensation and fringe benefits** climbed 14.6% to P5.7 billion due to the increase in human resource complement and salary adjustments from the recent collective bargaining agreement. **Taxes and licenses** increased by 13.2% to P2.3 billion from higher documentary stamp (as a result of the implementation of TRAIN law), gross receipts, and other business taxes. Meanwhile, the continued outlay and investments related to the network & business expansion increased **occupancy costs** by 15.4% to P2.1 billion, as well as **depreciation and amortization** by 8.2% to P1.2 billion. In the same manner, **insurance**, which includes PDIC premium payments, was up 23.8% to P1.4 billion from the deposit expansion. **Professional fees, marketing, and other related services**; **entertainment, amusement and recreation,** and **transportation and traveling** likewise rose by 16.3%, 18.3%, 26.8% respectively, with the ramp-up in business development and marketing efforts. On the other hand, the Bank's **repairs and maintenance** was reduced to P104.3 million from the 15.2% year-on-year drop in repairs. **Miscellaneous expenses** went up by 73.9% or P793.6 million mainly from the uptick in technology-related expenses and transactional costs.

Total Comprehensive Income
For the period ended March 31, 2020, December 31, 2019, 2018, and 2017

The Bank recorded total comprehensive income of P629.1 million in the first quarter, a P1.6 billion drop from the P2.3 billion recorded in the same period last year mainly from the P1.1 billion net unrealized loss on FVOCI.

The Bank recorded **total comprehensive income** of P10.7 billion for 2019, a P3.3 billion or 45.2% increase from the P7.4 billion recorded in the same period last year mainly from the growth in net income and the P1.3 billion increase in net unrealized gain on FVOCI.

Total comprehensive income for 2018 and 2017 stood at P 7.4 billion and P7.3 billion respectively, mainly from higher net income and improvement in the fair value of financial assets on FVOCI.

The 2017 total comprehensive income was up by 20.5% or P1.2 billion from P6.1 billion in 2016 mainly from higher net income and improvement in the fair value of available-for-sale financial assets. Net unrealized loss on AFS investments for the year was at (P206.20) million, 56.1% or P263.36 million better than (P469.56) million recorded in 2016.

(b) Key Performance Indicators

Definition of Ratios

Profitability Ratios:

Return on Average Equity	-	Net Income after Income Tax / Average Total Equity
Return on Average Assets	-	Net Income after Income Tax / Average Total Assets
Cost-to-Income Ratio	-	Operating Expenses excl Provision for Impairment & Credit Losses / Total Operating Income
Net Interest Margin	-	Net Interest Income / Average Interest Earning Assets

Liquidity Ratios:

Liquid Assets to Total Assets	-	Total Liquid Assets / Total Assets
Loans to Deposit Ratio	-	Loans (Net) / Deposit Liabilities

Asset Quality Ratios:

Gross NL Ratio	-	Gross Non-Performing Loans / Gross Loans
NPL Cover	-	Total Allowance for Impairment & Credit Losses on Receivables from Customers plus Retained Earnings Appropriated for Gen. Loan Loss Provision / Gross Non-Performing Loans

Solvency Ratios:

Debt to Equity Ratio	-	Total Liabilities / Total Equity
Asset to Equity Ratio	-	Total Assets / Total Equity
Interest Coverage Ratio	-	Net Income Before Tax and Interest Expense / Interest Expense

Capital Adequacy Ratio:

Capital to Risk Assets Ratio	-	BSP prescribed formula:
CET 1/Tier 1 CAR	-	CET 1 / Tier 1 Capital / Total Risk Weighted Assets
Total CAR	-	Total Qualifying Capital / Total Risk Weighted Assets

	Mar-2020	Mar-2019	Dec-2019	Dec-2018	Dec-2017	Dec-2016
PROFITABILITY (%)						
Return on Assets	0.92	0.85	1.10	1.04	1.12	1.16
Return on Equity	9.15	8.38	11.04	9.54	10.01	10.42
Net Interest Margin	3.82	3.32	3.39	3.56	3.60	3.70
Cost-to-Income Ratio	64	66	59	63	62	61
LIQUIDITY (%)						
Liquid Assets to Total Assets	37	39	37	38	36	34
Loans to Deposit Ratio	74	70	73	70	71	71
ASSET QUALITY (%)						
Gross Non-Performing Loans Ratio	1.7	1.2	1.5	1.2	1.4	1.9
Non-performing Loan (NPL) Cover	109	162	129	167	99	91
SOLVENCY RATIOS						
Debt-to-Equity Ratio	9.2	8.9	9.0	8.9	8.0	9.0
Asset-to-Equity Ratio	10.2	9.9	10.0	9.9	9.0	10.0
Interest Rate Coverage Ratio	1.7	1.4	1.5	1.8	2.3	2.5
CAPITAL ADEQUACY (%)						
CET 1 / Tier 1	12.14	12.86	12.76	12.16	13.47	11.30
Total CAR	13.02	13.77	13.67	13.09	14.22	12.21

Profitability

March 31, 2020 and March 31, 2019
The Bank posted a net income of P2.2 billion resulting in 9.15% ROE and 0.92% ROA. Cost-to-income ratio improved to 64% from 66% even as the Bank continued to invest in technology upgrades and human resource development. Net interest margin improved to 3.82% from 3.32% due to the increase in earning assets and lower cost of funds.

December 31, 2019, 2018 and 2017
CHIB's net income of P10.1 billion translated to an ROE of 11.04%, the highest over the last four years and a ROA of 1.10%. Cost-to-income ratio was lower at 59% from the 63% in 2018, 62% in 2017, and 61% in 2016 even as the Bank continued to invest heavily in the needed improvements to provide the best service to customers. Net interest margin was lower at 3.39% from 3.56% in 2018, 3.60% in 2017, and 3.70% in 2016 due to fund build-up.

Liquidity

March 31, 2020 and December 31, 2019
The ratio of liquid assets to total assets remained steady at 37%.

December 31, 2019, 2018 and 2017
The Bank's liquidity ratio was steady at 37%, 38%, 36% and 34% in 2019, 2018, 2017, and 2016, respectively.

Asset Quality

March 31, 2020 and December 31, 2019
Gross NPL ratio slightly increased to 1.7% from 1.5% as of 2019-end. Consolidated NPL cover was at 109% with the Parent's settling at 159%

December 31, 2019, 2018 and 2017
Asset quality remained healthy amid the loans year-on-year expansion. Gross NPL ratio slightly increased to 1.5% from 1.2% in 2018 and 1.4% in 2017, but better than 1.90% in 2016. NPL cover was registered at 129% in December 2019, 167% in 2018, 99% in 2017, and 91% in 2016; the Parent Bank's was at 190% as of 2019.

Solvency Ratios

March 31, 2020 and March 31, 2019
Debt-to-equity ratio was recorded at 9.2 versus 9.0; asset-to-equity ratio was at 10.2 from 10.0. Interest coverage ratio for the period stood at 1.7 as against 1.4 in 1Q 2019.

December 31, 2019, 2018 and 2017
Debt-to-equity ratio was recorded at 9.0 in December 2019 versus 8.9 in 2018, 8.0 in 2017, and 9.0 in 2016; asset-to-equity ratio was at 10.0 versus 9.9 from year-end 2018, 9.0 in 2017, and 10.0 in 2016. Interest coverage ratio for the period stood at 1.5 as against 1.8 for 2018, 2.3 in 2017, and 2.5 for 2016.

Capitalization

March 31, 2020 and December 31, 2019
China Bank's CET 1 / Tier 1 CAR and total CAR ratios were computed at 12.14% and 13.02%, respectively. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

December 31, 2019, 2018 and 2017
China Bank's CET 1 / Tier 1 CAR and total CAR ratios were computed at 12.76% and 13.67%, respectively. The Bank' capital is largely comprised of CET 1 (core) capital.

(c) Past Financial Conditions and Results of Operations

Global economic activity dramatically weakened during the first quarter of the year as the containment measures to address the pandemic restricted the movement of people and commerce. As an early response against the foreseen economic fallout, the US Fed slashed policy rates to near-zero levels (0.00% to 0.25%) and rolled out an unlimited bond-buying program in March. In spite of this, US GDP still contracted by 4.8% in the first quarter mainly due to the pronounced slowdown in personal consumption, investments, and trade. China, on the other hand, recorded its first contraction since 1992 at 6.8%, following large-scale factory shutdowns and community quarantines. As economies slowed down, oil prices collapsed on weaker demand and even plunged to the negative territory in April despite the record deal to cut oil supply by 10%.

On the domestic front, the Philippine economy slightly shrank by 0.2%, substantially lower than market expectations, mainly due the impact of the Enhanced Community Quarantine (ECQ) in Luzon which accounts for more than 70% of GDP. The temporary stoppage of non-essential business operations led to a notable deceleration in household consumption which only inched up by 0.2% vis-à-vis the 5% to 6% average growth pace in 2019. Capital formation also declined by 18.3% as infrastructure spending stalled.

To mitigate the impact of the abrupt economic slowdown, the Bayanihan to Heal as One Act (Bayanihan Act) was signed into law last March 25, which allowed the President to realign funds into severely affected sectors. According to the latest report by the Department of Finance, the combined value of the government's fiscal and monetary war chest against COVID-19 has reached P1.45 trillion or 7.8% of GDP, including the P205-billion subsidy program for 18 million low-income families under the Bayanihan Act and the additional liquidity of P520 billion from BSP's planned purchases of government securities and lower interest rates & reserve requirements. The BSP Monetary Board slashed policy rates by 125 bps to 2.75% and cut the RR by 200 bps to 12%.

The combined assets of the UK/B & TB industries expanded 8.9% year-on-year to P18.3 trillion in March. Loans (+11.0%) and deposits (+10.2%) growth recovered, which brought the loans-to-deposit ratio to 74%. Gross NPL ratio went up to 2.24%, while NPL cover declined to 87%. The UK/B industry remained well-capitalized with total CAR ratios of 15.37% (solo) and 16.04% (conso) in Dec 2019, which were above the regulatory minimum.

(d) Future Prospects

Global economic growth could likely decelerate in the near-term owing to the effects of COVID-19 outbreak, together with the subsequent restrictions in the movement of people and commerce across major cities. Meanwhile, in March, the US stock market recorded its biggest one-day sell-off (-7.6%) since 2011, which triggered a temporary trading halt and wiped off US$5 trillion from the S&P 500 market capitalization. The stock market crash was mainly caused by the abrupt drop in oil prices as the OPEC and Russia failed to reach an agreement on supply cuts, which further heightened fears of a global economic slowdown. The bleak outlook of the US economy could weigh down on Trump's re-election bid, fuelling uncertainties relative on the upcoming midterm elections.

On the domestic front, growth could be tempered by the prolonged effects of the COVID-19 on market outlook and overall economic activity. Nevertheless, the timely roll-out of government infrastructure projects and sustained domestic demand remain as key drivers of economic growth.

In step with the US Fed, the BSP delivered rate cuts in February (-25 bps) and March 2020 (-50 bps), bringing the policy rate to 3.25%. The regulator is expected to maintain an accommodative stance to buffer against external headwinds. In March, it further cut reserve requirement from 14% to 12%, effective at the end of the same month.

At its centennial year, China Bank remains committed to providing the highest quality of banking experience, and to becoming the top choice for its multi-generational customers. The Bank aims to be on the best financial institutions in terms of profitability and shareholder value over the next five years. To do so, the Bank will focus on four key goals: 1) growth in revenues and size of business; 2) operational excellence; 3) a customer-centric approach to doing business; and 4) higher level of engagement from the employees.

Depending on the economic effects of COVID-19 and the Enhanced Community Quarantine in the island of Luzon, the Bank will maintain a prudent stance in its business operations.

Core business expansion strategy is anchored on growing customer relationship while strengthening ties with existing ones. Our funds build-up strategy will be driven by our client acquisition & retention programs, the launch of new products and services suited to the requirements of the retail and emerging sectors. The synergy between branches and other sales desks will be strengthened to drive internal client sourcing, cross-selling, and leads generation programs, while maintaining prudent credit standards.

The Bank will expand in the consumer sector, with the launch of new retail loan products while repackaging and improving the product features of existing ones. This will be complemented by a suite of fee-based products & services, such as non-life insurance, trust, bancassurance, wealth management, and securities brokering, as well as credit cards in order to achieve comprehensive product coverage. CBS will further ramp up its Automatic Payroll Deduction (APD) portfolio by setting up additional sales offices and customer touchpoints for easier loan application and transaction.

The Bank's insurance brokerage, China Bank Insurance Brokers, Inc., and bancassurance arm, Manulife China Bank Life Assurance Corporation, will further deepen market penetration through active leads generation in the various customer segments of the Bank; widen branch network coverage; and solidify existing relationships through the distinctive China Bank customer experience.

Our investment house subsidiary, China Bank Capital, together with China Bank Securities, will sustain its momentum in the capital markets by actively participating in more underwriting deals, loan syndications, preferred shares issuance, project finance, advisory services, and stock brokerage.

In 2020, the Bank will continue to invest in its digital capabilities. Last year, it engaged Microsoft for digital advisory services which entails developing the Bank's digital transformation strategy and roadmap for delivering enhanced customer experience and for future-proofing its operations. On top of this, the Bank will continue to streamline key processes related to the rolling growth mandate, cut redundancies, and automate manual procedures even as it institutionalizes inter-departmental service level agreements to generate operational efficiencies and provide superior customer experience.

(e) Material Changes

1) Events that will trigger direct or contingent financial obligation that is material to the company, including and default or acceleration of an obligation.

   There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

2) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

   In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these transactions

   The following is a summary of contingencies and commitments of the Group and the Parent Company with the equivalent peso contractual amounts:

	Consolidated		ParentCompany	
	2019	2018	**2019**	2018
Trust department accounts	**₱169,339,175**	₱133,806,226	**₱169,339,175**	₱133,806,226
Committed credit lines	**46,506,112**	122,804,833	**46,506,112**	122,280,671
Unused commercial letters of credit	**18,227,610**	20,978,009	**18,110,275**	20,829,020
Foreign exchange bought	**30,941,342**	37,359,690	**30,941,342**	37,359,690
Foreign exchange sold	**18,229,910**	24,678,551	**18,229,910**	24,678,551
Credit card lines	**11,048,767**	12,568,703	**11,048,767**	12,568,703
IRS receivable	**26,523,850**	11,366,980	**26,523,850**	11,366,980
Outstanding guarantees issued	**1,022,261**	944,262	**688,045**	420,100
Inward bills for collection	**4,423,799**	2,563,604	**4,423,799**	2,563,604
Standby credit commitment	**2,200,316**	3,149,787	**2,200,316**	3,149,787
Spot exchange sold	**11,965,938**	3,624,709	**11,965,938**	3,624,709
Spot exchange bought	**10,896,547**	3,247,995	**10,896,547**	3,247,995
Deficiency claims receivable	**285,745**	287,647	**285,745**	287,647
Late deposits/payments received	**525,953**	495,347	**492,597**	458,675
Outward bills for collection	**88,197**	55,135	**86,344**	53,211
Others	**37,114**	1,846	**36,951**	1,694

UNDERTAKING

The Bank undertakes to furnish a copy of its Annual Report (SEC Form 17-A) exclusive of attachments, free of charge, upon the written request of the stockholder addressed to the Office of the Corporate Secretary, 11^{th} Floor China Bank Building, 8745 Paseo de Roxas cor. Villar St., Makati City.

Annex "E"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of China Banking Corporation (the Bank) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Hans T. Sy	**William C. Whang**	**Patrick D. Cheng**
Chairman of the Board	President	Chief Finance Officer

Republic of the Philippines }
City of Makati } S.S.

27 FEB 2020

Signed this 28st day of February, 2020, affiants exhibiting to me their Social Security System Nos. as follows:

Name	**SSS Nos.**
Hans T. Sy	
William C. Whang	
Patrick D. Cheng	

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Page No.: 31
Book No.: 121
Series of: 2020

BELENETTE Y. CHING-TAN
Notary Public for Makati City
Appt No. M-191 until 31 December 2021
4/F ...
8755 Pas... Makati City
PTR No. 811... ; Makati City
IBP No. 100124; 12.27.2019; Makati City
Roll of Attorney's No. 37110

China Banking Corporation and Subsidiaries

Financial Statements
December 31, 2019 and 2018
and for the years ended December 31, 2019, 2018 and 2017

and

Independent Auditor's Report

Building a better working world

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
China Banking Corporation

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of China Banking Corporation and its subsidiaries (the Group) and the parent company financial statements of China Banking Corporation, which comprise the consolidated and parent company balance sheets as at December 31, 2019 and 2018, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2019 and 2018, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Applicable to the audit of the Consolidated and Parent Company Financial Statements

Recognition of Expected Credit Losses (ECL) on loans and receivables

The Group's and the Parent Company's adoption of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset and expected recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

Allowance for credit losses for loans and receivables as of December 31, 2019 for the Group and the Parent Company amounted to ₱8.56 billion and ₱6.94 billion, respectively. Provision for credit losses of the Group and the Parent Company in 2019 amounted to ₱2.57 billion and ₱2.21 billion, respectively.

Refer to Note 16 of the financial statements for the details of the allowance for credit losses using the ECL model.

Audit Response

We obtained an understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) verified the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place, (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the system of record and considering management's assumptions regarding future payments, advances, extensions, renewals and modifications; (e) inspected financial information used to derive baseline probability of default; (f) performed simulation of baseline probability of default and tested its conversion to forward-looking probability of default; (g) performed trend analysis of expected default generated by third-party service providers and compared trend with the resulting expected credit loss (h) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations; (i) verified exposure at default considering outstanding commitments and repayment scheme; and (j) tested the effective interest rate used in discounting the expected loss.

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We recalculated impairment provisions on a sample basis. We reviewed the completeness of the disclosures made in the financial statements.

Impairment testing of goodwill

Under PFRS, the Group and the Parent Company are required to annually test the amount of goodwill for impairment. As of December 31, 2019, the goodwill recognized in the consolidated and parent company financial statements amounting to ₱222.84 million is attributed to the Parent Company's Retail Banking Business (RBB) segment, while goodwill of ₱616.91 million in the consolidated financial statements is attributed to the subsidiary bank, China Bank Savings, Inc. (CBSI). The impairment assessment process requires significant judgment and is based on assumptions, specifically loan and deposit growth rates, discount rate and the long-term growth rate.

The Group's disclosures about goodwill are included in Notes 3 and 14 to the financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include loan and deposit growth rates, discount rate and the long-term growth rate. We compared the key assumptions used, such as loan and deposit growth and long-term growth rates against the historical performance of the RBB and CBSI, industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Accounting for disposals of investment securities under a hold-to-collect business model

In 2019, the Group and the Parent Company disposed investment securities managed under the hold-to-collect (HTC) business model with aggregate carrying amount of ₱18.62 billion and ₱13.32 billion, respectively. The disposals resulted to a gain of ₱1.38 billion for the Group and ₱1.30 billion for the Parent Company. Investment securities held under a hold-to-collect business model, which are classified as 'Investment securities at amortized cost', are managed to realize cash flows by collecting contractual payments over the life of the instrument.

The accounting for the disposals is significant to our audit because the amounts involved are material (9.97% and 7.50% of the total investment securities at amortized cost of the Group and the Parent Company, respectively and 4.00% and 4.35% of the total operating income of the Group and Parent Company, respectively). Moreover, it involves the exercise of significant judgment by management in assessing that the disposals are consistent with the HTC business model and that it would not impact the measurement of the remaining securities in the affected portfolios.

The disclosures related to the disposals of investment securities are included in Notes 3 and 9 to the financial statements.

Audit response

We obtained an understanding of the Group's and Parent Company's objectives for disposals of investment securities at amortized cost through inquiries with management and review of approved internal documentations, including governance over the disposals. We evaluated management's assessment of the impact of the disposals in reference to the Group's and the Parent Company's business models and the provisions of the relevant accounting standards and regulatory issuances. We also reviewed the calculation of the gains on the disposals and the measurement of the remaining securities in the affected portfolios.

We reviewed the disclosures related to the disposals based on the requirements of PFRS 7, *Financial Instruments: Disclosures* and Philippine Accounting Standard (PAS 1), *Presentation of Financial Statements*.

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted PFRS 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the Group has high volume of lease agreements; the recorded amounts are material to the financial statements; and adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group is reasonably certain to exercise options to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right of use assets amounting to ₱3.43 billion and ₱2.73 billion for the Group and the Parent Company, respectively, and lease liability amounting to Php3.67 billion and ₱2.92 billion, for the Group and the Parent Company, respectively, as of January 1, 2019, and the recognition of depreciation expense of ₱670.78 million and ₱505.53 million, for the Group and the Parent Company, respectively, and interest expense of ₱265.54 million and ₱207.74 million, for the Group and the Parent Company, respectively, for the year ended December 31, 2019.

The disclosures related to the adoption of PFRS 16 are included in Note 2 to the financial statements.

Audit response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemption, the selection of the transition approach and any election of available practical expedients.

We tested the completeness of the population of lease agreements by comparing the number of leases per operational report against the database. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

For selected lease contracts with renewal and/or termination option, we reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Applicable to the audit of the Consolidated Financial Statements

Recoverability of deferred tax assets

The Group has recognized and unrecognized deferred tax assets. The recoverability of deferred tax assets recognized depends on the Group's ability to continuously generate sufficient future taxable income. The analysis of the recoverability of deferred tax assets was significant to our audit because the assessment process is complex and judgmental, and is based on assumptions that are affected by expected future market or economic conditions and the expected performance of the Group.

The disclosures in relation to deferred income taxes are included in Notes 3 and 28 to the financial statements.

Audit Response

We reviewed the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates with that of the industry and the historical performance of the Group. We also reviewed the timing of the reversal of future taxable and deductible temporary differences.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, management is responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 37 and Revenue Regulations 15-2010 in Note 38 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of China Banking Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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The engagement partner on the audit resulting in this independent auditor's report is Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-AR-1 (Group A),
September 18, 2019, valid until September 17, 2021
Tax Identification No. 216-950-288
BIR Accreditation No. 08-001998-107-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125208, January 7, 2020, Makati City

February 26, 2020

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CHINA BANKING CORPORATION AND SUBSIDIARIES
BALANCE SHEETS
(Amounts in Thousands)

	Consolidated		Parent Company	
	December 31			
	2019	2018	**2019**	2018
ASSETS				
Cash and Other Cash Items	**₱16,839,755**	₱15,639,474	**₱14,856,844**	₱13,705,304
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	**100,174,398**	101,889,773	**88,109,650**	95,092,944
Due from Other Banks (Note 7)	**9,900,642**	9,455,447	**8,645,547**	7,837,894
Interbank Loans Receivable and Securities Purchased under Resale Agreements (Note 8)	**17,036,460**	11,998,040	**10,027,609**	8,998,040
Financial Assets at Fair Value through Profit or Loss (Note 9)	**18,500,111**	7,596,261	**18,444,101**	6,689,796
Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	**26,133,360**	10,101,527	**24,170,629**	8,213,010
Investment Securities at Amortized Cost (Note 9)	**168,202,728**	172,537,036	**164,231,583**	163,824,466
Loans and Receivables (Notes 10 and 29)	**568,919,164**	505,804,955	**502,930,197**	441,432,156
Accrued Interest Receivable	**7,158,494**	5,697,181	**6,526,475**	5,126,127
Investment in Subsidiaries (Notes 11 and 30)	**–**	–	**15,129,118**	14,333,567
Investment in Associates (Note 11)	**704,169**	335,092	**704,169**	335,092
Bank Premises, Furniture, Fixtures and Equipment and Right-of-use Assets (Note 12)	**9,155,234**	6,450,458	**7,468,646**	5,265,386
Investment Properties (Note 13)	**4,337,184**	4,789,602	**1,496,987**	1,188,797
Deferred Tax Assets (Note 28)	**3,370,949**	2,514,889	**2,287,956**	1,739,219
Intangible Assets (Note 14)	**4,066,078**	4,202,599	**945,916**	915,531
Goodwill (Note 14)	**839,748**	839,748	**222,841**	222,841
Other Assets (Note 15)	**6,887,505**	6,219,558	**3,982,129**	3,332,763
	₱962,225,979	₱866,071,640	**₱870,180,397**	₱778,252,933
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 17 and 30)				
Demand	**₱186,955,056**	₱161,239,669	**₱170,279,879**	₱145,559,564
Savings	**224,872,421**	239,539,817	**210,191,063**	226,943,962
Time	**363,600,383**	321,343,811	**307,293,511**	265,739,836
	775,427,860	722,123,297	**687,764,453**	638,243,362
Bills Payable (Note 19)	**33,381,406**	39,826,532	**33,381,406**	39,826,532
Manager's Checks	**1,998,678**	2,577,175	**1,535,936**	2,069,812
Income Tax Payable	**540,662**	477,585	**479,923**	414,233
Accrued Interest and Other Expenses (Note 20)	**4,121,302**	3,842,525	**3,650,339**	3,342,152
Bonds Payable (Note 18)	**37,394,398**	–	**37,394,398**	–
Derivative Liabilities (Note 26)	**1,036,052**	455,150	**1,036,052**	455,150
Derivative Contracts Designated as Hedges (Note 26)	**51,949**	–	**51,949**	–
Deferred Tax Liabilities (Note 28)	**1,083,378**	1,231,145	**–**	–
Other Liabilities (Notes 21 and 24)	**11,014,701**	7,681,644	**8,722,696**	6,049,812
	866,050,386	778,215,053	**774,017,153**	690,401,053
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock (Note 24)	**26,858,998**	26,858,998	**26,858,998**	26,858,998
Capital paid in excess of par value (Note 24)	**17,122,625**	17,122,625	**17,122,626**	17,122,625
Surplus reserves (Notes 24 and 29)	**3,598,274**	4,031,008	**3,598,275**	4,031,008
Surplus (Notes 24 and 29)	**48,558,760**	40,497,256	**48,558,760**	40,497,256
Net unrealized gain (loss) on financial assets at fair value through other comprehensive income (Note 9)	**417,576**	(702,509)	**417,576**	(702,509)
Remeasurement gain (loss) on defined benefit asset (Note 25)	**(368,531)**	117,047	**(368,531)**	117,047
Cumulative translation adjustment	**6,835**	(91,699)	**6,835**	(91,699)
Remeasurement gain on life insurance reserves	**20,655**	19,154	**20,655**	19,154
Cash flow hedge reserve	**(51,949)**	–	**(51,949)**	–
	96,163,243	87,851,880	**96,163,244**	87,851,880
Non-controlling Interest	**12,350**	4,707		–
	96,175,593	87,856,587	**96,163,244**	87,851,880
	₱962,225,979	₱866,071,640	**₱870,180,397**	₱778,252,933

See accompanying Notes to Financial Statements.

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CHINA BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF INCOME
(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	**2019**	2018	2017
INTEREST INCOME						
Loans and receivables (Notes 10 and 30)	**=36,051,051**	₱28,195,915	₱21,751,647	**₱30,824,138**	₱23,488,872	₱17,537,017
Investment securities at amortized costs and at FVOCI (Note 9)	**9,828,076**	5,875,928	3,556,110	**9,362,427**	5,559,557	3,275,025
Financial assets at FVPL	**692,482**	413,323	410,889	**692,482**	413,323	398,777
Due from Bangko Sentral ng Pilipinas and other banks and securities purchased under resale agreements (Notes 7 and 8)	**1,113,206**	727,337	820,699	**702,422**	516,645	634,906
	47,684,814	35,212,503	26,539,345	**41,581,468**	29,978,697	21,845,725
INTEREST EXPENSE						
Deposit liabilities (Notes 17 and 29)	**18,567,168**	11,621,063	6,521,935	**15,915,107**	9,736,014	5,210,803
Bonds payable, bills payable and other borrowings (Note 18 and 19)	**2,802,104**	665,254	391,007	**2,800,843**	665,254	391,007
Lease payable (Note 21)	**264,246**	–	–	**207,744**	–	–
	21,633,519	12,286,317	6,912,942	**18,923,694**	10,401,268	5,601,810
NET INTEREST INCOME	**26,051,295**	22,926,186	19,626,403	**22,657,774**	19,577,428	16,243,915
Service charges, fees and commissions (Note 22)	**3,296,673**	2,777,283	2,441,724	**1,624,703**	1,529,727	1,394,998
Gain on disposal of investment securities at amortized cost (Note 9)	**1,381,871**	–	–	**1,299,360**	–	–
Trading and securities gain (loss) - net (Notes 9 and 22)	**884,482**	(271,552)	479,960	**837,875**	(275,964)	399,760
Gain on sale of investment properties	**864,383**	1,015,622	670,612	**721,893**	925,831	614,587
Trust fee income (Note 29)	**357,080**	305,753	376,312	**357,080**	305,338	371,947
Foreign exchange gain - net (Note 26)	**221,104**	215,963	386,015	**243,764**	187,064	389,692
Share in net income of an associate (Note 11)	**184,661**	101,009	73,133	**184,661**	101,009	73,133
Gain on asset foreclosure and dacion transactions (Note 13)	**47,479**	252,477	157,415	**81,294**	57,676	71,888
Share in net income of subsidiaries (Note 11)	–	–	–	**770,628**	695,356	836,004
Miscellaneous (Notes 22 and 30)	**1,193,056**	1,261,741	1,516,523	**1,062,795**	1,130,134	1,391,657
TOTAL OPERATING INCOME	**34,482,085**	28,584,482	25,728,097	**29,841,828**	24,233,599	21,787,581
Compensation and fringe benefits (Notes 25 and 30)	**6,622,664**	6,139,001	5,708,948	**5,029,191**	4,610,265	4,288,096
Taxes and licenses	**3,884,183**	2,925,870	2,264,025	**3,155,849**	2,307,948	1,819,331
Provision for impairment and credit losses (Note 16)	**2,570,168**	141,076	754,171	**2,205,062**	(1,957)	423,922
Depreciation and amortization (Notes 12, 13 and 14)	**1,942,660**	1,297,685	1,217,489	**1,463,092**	947,908	877,240
Insurance	**1,875,977**	1,669,618	1,440,153	**1,624,065**	1,447,890	1,241,575
Occupancy cost (Notes 27 and 30)	**1,801,154**	2,336,639	2,112,602	**1,308,482**	1,713,888	1,528,876
Transportation and traveling	**566,572**	484,514	378,703	**432,157**	370,980	289,903
Entertainment, amusement and recreation	**477,761**	380,166	287,105	**342,034**	262,489	182,172
Professional fees, marketing and other related services	**412,146**	352,159	312,042	**329,959**	261,931	222,509
Stationery, supplies and postage	**258,425**	284,436	268,901	**194,990**	220,651	197,567
Repairs and maintenance	**159,814**	131,158	104,298	**120,242**	102,834	69,276
Miscellaneous (Notes 22 and 30)	**2,322,938**	2,054,634	1,867,552	**1,890,022**	1,619,159	1,490,658
TOTAL OPERATING EXPENSES	**22,894,462**	18,196,956	16,715,989	**18,095,147**	13,863,986	12,631,125
INCOME BEFORE INCOME TAX	**11,587,621**	10,387,526	9,012,108	**11,746,680**	10,369,613	9,156,456
PROVISION FOR INCOME TAX (Note 28)	**1,512,650**	2,271,422	1,489,177	**1,677,720**	2,259,233	1,642,484
NET INCOME	**₱10,074,972**	₱8,116,104	₱7,522,931	**₱10,068,960**	₱8,110,380	₱7,513,972
Attributable to:						
Equity holders of the Parent Company (Note 33)	**₱10,068,960**	₱8,110,379	₱7,513,972			
Non-controlling interest	**6,012**	5,725	8,959			
	₱10,074,972	₱8,116,104	₱7,522,931			
Basic/Diluted Earnings Per Share (Note 32)	**₱3.75**	₱3.02	₱2.91			

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CHINA BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	**2019**	2018	2017
NET INCOME	**₱10,074,972**	₱8,116,104	₱7,522,931	**₱10,068,960**	₱8,110,380	₱7,513,972
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Changes in fair value of:						
Financial assets at fair value through other comprehensive income:						
Fair value gain (loss) for the year, net of tax	**1,163,009**	(451,866)	–	**940,851**	(381,791)	–
Loss (gain) taken to profit or loss (Note 22)	**(269,478)**	2,104	–	**(240,310)**	2,451	–
Available-for-sale financial assets:						
Fair value gain for the year, net of tax	–	–	158,946	–	–	113,020
Gains taken to profit or loss (Note 22)	–	–	(365,145)	–	–	(342,146)
Share in changes in other comprehensive income of an associate (Note 11)	**152,452**	(126,713)	(8,049)	**152,452**	(126,713)	(8,049)
Share in changes in other comprehensive income of subsidiaries (Note 11)		–	–	**207,510**	(64,109)	35,552
Cumulative translation adjustment	**98,830**	(52,900)	(15,972)	**81,518**	(58,792)	(29,255)
Loss on cash flow hedges	**(51,949)**	–	–	**(51,949)**	–	–
Items that do not recycle to profit or loss in subsequent periods:						
Share in changes in other comprehensive income of subsidiaries (Note 11)	–	–	–	**(56,353)**	88,642	20,140
Share in changes in other comprehensive income of associate (Note 11)	**4,486**	31,374	(12,221)	**4,486**	31,374	(12,221)
Remeasurement gain (loss) on defined benefit asset, net of tax (Note 25)	**(489,722)**	(165,213)	30,149	**(432,210)**	(255,359)	9,678
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**607,627**	(763,214)	(212,292)	**605,996**	(764,297)	(213,281)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱10,682,599**	₱7,352,890	₱7,310,639	**₱10,674,956**	₱7,346,083	₱7,300,691
Total comprehensive income attributable to:						
Equity holders of the Parent Company	**₱10,674,956**	₱7,346,083	₱7,300,691			
Non-controlling interest	**7,643**	6,807	9,948			
	₱10,682,599	₱7,352,890	₱7,310,639			

See accompanying Notes to Financial Statements.

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CHINA BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Consolidated												
	Equity Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 23)	Capital Paid in Excess of Par Value (Note 23)	Surplus Reserves (Notes 23 and 28)	Surplus (Notes 23 and 28)	Net Unrealized (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets (Note 9)	Remeasurement Gain on Defined Benefit Asset or Liability (Note 24)	Cumulative Translation Adjustment	Remeasurement Loss on Life Insurance Reserve	Cash Flow Hedge Reserve	Total Equity	Non-Controlling Interest (Note 11)	Total Equity
Balance at January 1, 2019	**₱26,858,998**	**₱17,122,625**	**₱4,031,008**	**₱40,497,256**	**(₱702,509)**	**₱–**	**₱117,047**	**(₱91,699)**	**₱19,154**	₱–	**₱87,851,880**	**₱4,707**	**₱87,856,587**
Total comprehensive income (loss) for the year	–	–	–	**10,068,960**	**1,043,488**	–	**(485,578)**	**98,534**	**1,501**	**(51,949)**	**10,674,956**	**7,643**	**10,682,599**
Transfer from surplus to surplus reserves	–	–	**35,708**	**(35,708)**	–	–	–	–	–	–	–	–	–
Appropriation of retained earnings (Note 16)	–	–	**(468,442)**	**468,442**	–	–	–	–	–	–	–	–	–
Realized loss on sale of equity securities at FVOCI	–	–	–	**(76,597)**	**76,597**	–	–	–	–	–	–	–	–
Cash dividends - ₱0.88 per share	–	–	–	**(2,363,592)**	–	–	–	–	–	–	**(2,363,592)**	–	**(2,363,592)**
Balance at December 31, 2019	**₱26,858,998**	**₱17,122,625**	**₱3,598,275**	**₱48,558,760**	**₱417,576**	**₱–**	**(₱368,531)**	**₱6,835**	**₱20,655**	**(₱51,949)**	**₱96,163,244**	**₱12,351**	**₱96,175,595**
Balance at January 1, 2018	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563	₱–	(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱ 83,650,761	₱4,736	83,655,497
Effect of initial application of PFRS 9 (Note 2)	–	–	2,732,628	(5,372,699)	(126,556)	1,813,280	–	–	–	–	(953,346)	(6,835)	(960,181)
Balance at January 1, 2018, as restated	26,847,717	17,096,228	3,659,317	34,987,864	(126,556)	–	283,763	(38,698)	(12,221)	–	82,697,415	(2,099)	82,695,316
Total comprehensive income (loss) for the year	–	–	–	8,110,379	(575,953)	–	(166,716)	(53,001)	31,375	–	7,346,084	6,806	7,352,890
Transfer from surplus to surplus reserves	–	–	371,691	(371,691)	–	–	–	–	–	–	–	–	–
Issuance of common shares (₱31.00 per share)	11,281	26,397	–	–	–	–	–	–	–	–	37,678	–	37,678
Transaction cost on the issuance of common shares	–	(52,089)	–	–	–	–	–	–	–	–	(52,089)	–	(52,089)
Cash dividends - ₱0.83 per share	–	–	–	(2,229,297)	–	–	–	–	–	–	(2,229,297)	–	(2,229,297)
Balance at December 31, 2018	₱26,858,998	₱17,122,625	₱4,031,008	₱40,497,256	(₱702,509)	₱–	₱117,047	(₱91,699)	₱19,154	–	₱87,851,880	₱4,707	₱87,856,587
Balance at January 1, 2017	₱20,020,278	₱6,987,564	₱861,630	₱36,889,099	–	(₱1,598,600)	₱253,945	(₱22,500)	₱–	–	₱63,391,416	(₱5,212)	₱63,386,204
Transfer from surplus to surplus reserves	–	–	65,059	(65,059)	–	–	–	–	–	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	7,513,972	–	(214,680)	29,818	(16,198)	(12,221)	–	7,300,691	9,948	7,310,639
Issuance of common shares (₱31.00 per share)	4,838,710	10,160,753	–	–	–	–	–	–	–	–	14,999,463	–	14,999,463
Transaction cost on the issuance of common shares	–	(52,089)	–	–	–	–	–	–	–	–	(52,089)	–	(52,089)
Stock dividends - 8.00%	1,988,729	–	–	(1,988,729)	–	–	–	–	–	–	–	–	–
Cash dividends - ₱0.80 per share	–	–	–	(1,988,720)	–	–	–	–	–	–	(1,988,720)	–	**(1,988,720)**
Balance at December 31, 2017	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563	–	(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱83,650,761	₱4,736	**₱83,655,497**

See accompanying Notes to Financial Statements.

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CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

Parent Company

	Capital Stock (Note 23)	Capital Paid in Excess of Par Value (Note 23)	Surplus Reserves (Notes 23 and 28)	Surplus (Notes 23 and 28)	Net Unrealized (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets (Note 9)	Remeasurement Gain on Defined Benefit Asset or Liability (Note 24)	Cumulative Translation Adjustment	Remeasurement Loss on Life Insurance Reserve	Cash Flow Hedge Reserve	Total Equity
Balance at January 1, 2019	**₱26,858,998**	**₱17,122,626**	**₱4,031,008**	**₱40,497,256**	**(₱702,510)**	**₱–**	**₱117,047**	**(₱91,699)**	**₱19,153**	**₱–**	**₱87,851,880**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**10,068,960**	**1,043,488**	**–**	**(485,578)**	**98,534**	**1,501**	**(51,949)**	**10,674,956**
Transfer from surplus to surplus reserves	**–**	**–**	**35,708**	**(35,708)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Appropriation of retained earnings (Note 16)	**–**	**–**	**(468,442)**	**468,442**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Realized loss on sale of equity securities at FVOCI	**–**	**–**	**–**	**(76,597)**	**76,597**	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends - ₱0.88 per share	**–**	**–**	**–**	**(2,363,592)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,363,592)**
Balance at December 31, 2019	**₱26,858,998**	**₱17,122,626**	**₱3,598,275**	**₱48,558,760**	**₱417,576**	**₱–**	**(₱368,531)**	**₱6,835**	**₱20,655**	**(₱51,949)**	**₱96,163,244**
Balance at January 1, 2018	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563	₱–	(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱83,650,761
Effect of initial application of PFRS 9 (Note 2)	–	–	2,732,628	(5,372,699)	(126,556)	1,813,280	–	–		–	(953,346)
Balance at January 1, 2019, as restated	₱26,847,717	₱17,096,228	3,659,317	34,987,864	(126,556)	–	₱283,763	(₱38,698)	(₱12,221)	–	82,697,417
Total comprehensive income (loss) for the year	–	–	–	8,110,379	(575,954)	–	(166,716)	(53,001)	31,374	–	7,346,081
Transfer from surplus to surplus reserves	–	–	371,691	(371,691)	–	–	–	–	–	–	
Issuance of common shares (₱31.00 per share)	11,281	26,397	–	–	–	–	–	–	–	–	37,678
Cash dividends - ₱0.83 per share	–		–	(2,229,297)	–	–	–	–	–	–	(2,229,297)
Balance at December 31, 2018	₱26,858,998	₱17,122,626	₱4,031,008	₱40,497,256	(₱702,510)	₱–	₱117,047	(₱91,699)	₱19,153	–	₱87,851,880
Balance at January 1, 2017	₱20,020,278	₱6,987,564	₱861,630	₱36,889,099	–	(₱1,598,600)	₱253,945	(₱22,500)	₱–	–	₱63,391,416
Transfer from surplus to surplus reserves	–	–	65,059	(65,059)	–	–	–	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	7,513,972	–	(214,680)	29,818	(16,198)	(12,221)	–	7,300,691
Issuance of common shares (₱31.00 per share)	4,838,710	10,160,753	–	–	–	–	–	–	–	–	14,999,463
Transaction cost on the issuance of common shares	–	(52,089)	–	–	–	–	–	–	–	–	(52,089)
Stock dividends - 8.00%	1,988,729	–	–	(1,988,729)	–	–	–	–	–	–	–
Cash dividends - ₱0.80 per share	–	–	–	(1,988,720)	–	–	–	–	–	–	(1,988,720)
Balance at December 31, 2017	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563	–	(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱83,650,761

See accompanying Notes to Financial Statements.

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CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	**2019**	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱11,587,621	₱10,387,526	₱9,012,108	₱11,746,680	₱10,369,613	₱9,156,456
Adjustments for:						
Depreciation and amortization (Notes 12, 13 and 14)	1,942,661	1,297,685	1,217,489	1,463,092	947,908	877,240
Provision for impairment and credit losses (Note 16)	2,570,168	141,076	754,171	2,205,062	(1,957)	423,922
Amortization of transaction costs on bonds payable	200,852	–	–	200,852	–	–
Securities gain on financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 21)	(1,651,349)	(9,624)	–	(1,539,670)	(9,277)	–
Trading and securities gain on available-for-sale and held-to-maturity financial assets (Note 21)	–	–	(365,145)	–	–	(342,146)
Gain on sale of investment properties	(864,383)	(1,015,622)	(670,612)	(721,893)	(925,831)	(614,587)
Gain on asset foreclosure and dacion transactions (Note 13)	(47,479)	(252,477)	(157,415)	(81,294)	(57,676)	(71,888)
Share in net losses (income) of an associate (Notes 2 and 11)	(184,661)	(101,009)	(73,133)	(184,661)	(101,009)	(73,133)
Share in net (income) of subsidiaries (Notes 2 and 11)	–	–	–	(770,628)	(695,356)	(836,004)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at FVPL	(10,322,948)	8,830,244	(8,510,654)	(14,085,388)	9,554,643	(8,799,606)
Loans and receivables	(64,140,453)	(60,828,559)	(63,393,487)	(64,112,157)	(57,994,624)	(57,873,074)
Other assets	(3,844,834)	(1,263,617)	6,159	(2,708,132)	(2,544,975)	275,322
Increase (decrease) in the amounts of:						
Deposit liabilities	53,304,563	87,029,904	93,510,375	49,521,091	79,007,383	88,273,987
Manager's checks	(578,497)	136,133	411,264	(533,876)	360,564	263,663
Accrued interest and other expenses	278,777	1,214,906	759,429	308,187	1,058,204	722,597
Other liabilities	433,649	1,960,943	177,618	3,262,497	2,393,869	(540,630)
Net cash generated from operations	(11,316,313)	47,527,509	32,678,167	(16,030,238)	41,361,482	30,842,119
Income taxes paid	(2,143,644)	(1,732,819)	(1,554,045)	(1,840,519)	(1,511,638)	(1,274,667)
Net cash provided by operating activities	(13,459,957)	45,794,690	31,124,122	(17,870,757)	39,849,844	29,567,452
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of/Additions to:						
Bank premises, furniture, fixtures and equipment (Note 12)	(873,688)	(1,058,002)	(1,752,173)	(709,808)	(825,096)	(1,387,684)
Equity investments (Note 11)	(40,000)	–	–	(40,363)	(500,000)	(500,000)
Investment securities at amortized cost	(24,382,774)	(172,348,552)	–	(23,616,210)	(167,337,112)	–
Financial assets at fair value through other comprehensive income	(27,081,539)	(44,399,340)	–	(27,081,539)	(44,477,104)	–
Held-to-maturity financial assets	–	–	(23,618,560)	–	–	(23,599,743)
Available-for-sale financial assets	–	–	(54,304,672)	–	–	(53,171,027)
Proceeds from sale of:						
Investment securities at amortized cost	18,616,553	–	–	13,324,227	–	–
Financial assets at fair value through other comprehensive income	10,972,736	80,729,853	–	12,141,368		–
Available-for-sale financial assets	–	–	41,891,950	–	–	41,500,714
Investment properties	2,074,400	1,810,112	1,335,946	802,118	1,458,379	846,974
Bank premises, furniture, fixtures and equipment	62,943	258,136	275,109	26,990	51,642	242,202
Proceeds from maturity of:						
Investment securities at amortized cost	11,482,400	65,109,637	–	11,184,226	65,060,529	–
Held-to-maturity financial assets	–	–	15,737,093	–	–	16,135,271
Cash dividends from a subsidiary (Note 11)	–	50,000	–	50,000	50,000	–
Net cash used in investing activities	(9,168,969)	(69,898,150)	(20,435,307)	(13,918,991)	(66,023,900)	(19,933,293)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable	180,468,980	184,568,424	252,268,556	180,468,980	184,568,424	252,268,556
Settlement of bills payable	(186,914,106)	(164,859,923)	(249,105,524)	(186,914,106)	(164,859,923)	(249,105,524)
Proceeds from issuance of bonds payable	37,193,546	–	–	37,193,546	–	–
Payments of cash dividends (Note 23)	(2,363,592)	(2,229,297)	(1,988,720)	(2,363,592)	(2,229,297)	(1,988,720)
Proceeds from issuance of common shares (Note 23)	–	37,678	14,999,463	–	37,678	14,999,463
Transaction cost on the issuance of common shares (Note 23)	–	–	(52,089)	–	–	(52,089)
Payments of principal portion lease liabilities	(787,381)	–	–	(589,613)	–	–
Net cash provided by (used in) financing activities	27,597,447	17,516,882	16,121,687	27,795,215	17,516,882	16,121,687
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,968,521	(6,586,585)	26,810,502	(3,994,533)	(8,657,174)	25,755,846

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	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	**2019**	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**₱15,639,474**	(₱6,586,585)	₱26,810,502	**(₱3,994,533)**	(₱8,657,174)	₱25,755,846
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**15,639,474**	12,685,984	12,010,543	13,705,304	11,160,173	10,580,748
Due from Bangko Sentral ng Pilipinas (Note 7)	**101,889,773**	98,490,014	91,964,495	95,092,944	91,717,037	85,307,128
Due from other banks (Note 7)	**9,455,447**	15,641,476	11,332,236	7,837,894	14,066,620	9,689,165
Interbank Loans Receivable and SPURA (Note 8)	**11,998,040**	18,751,845	3,451,543	8,998,040	17,347,522	2,958,465
	138,982,734	145,569,319	118,758,817	₱125,634,182	134,291,352	108,535,506
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**16,839,755**	15,639,474	12,685,984	**14,856,844**	13,705,304	11,160,173
Due from Bangko Sentral ng Pilipinas (Note 7)	**100,174,398**	101,889,773	98,490,014	**88,109,650**	95,092,944	91,717,037
Due from other banks (Note 7)	**9,900,642**	9,455,447	15,641,476	**8,645,547**	7,837,894	14,066,620
Securities purchased under resale agreements (Note 8)	**17,036,460**	11,998,040	18,751,845	**10,027,609**	8,998,040	17,347,522
	₱143,951,255	₱138,982,734	₱145,569,319	**₱121,639,650**	₱125,634,182	₱134,291,352

OPERATING CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	As of December 31					
	2019	2018	2017	**2019**	2018	2017
Interest paid	**₱20,557,295**	₱11,361,726	₱6,652,755	**₱17,928,838**	₱9,595,463	₱5,359,209
Interest received	**46,223,502**	33,233,827	25,835,369	**40,181,121**	28,041,653	21,322,995

See accompanying Notes to Financial Statements.

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1. Corporate Information

China Banking Corporation (the Parent Company) is a publicly listed universal bank incorporated in the Philippines. The Parent Company acquired its universal banking license in 1991. It provides expanded commercial banking products and services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury products, trust products, foreign exchange, corporate finance and other investment banking services through a network of 473 and 458 local branches as of December 31, 2019 and 2018, respectively.

The Parent Company acquired its original Certification of Incorporation issued by the Securities and Exchange Commission (SEC) on July 20, 1920. On December 4, 1963, the Board of Directors (BOD) of the Parent Company approved the Amended Articles of Incorporation to extend the corporate term of the Parent Company for another 50 years or until July 20, 2020, which was confirmed by the stockholders on December 23, 1963, and approved by the SEC on October 5, 1964. On March 2, 2016, the BOD approved the amendment of the Third Article of the Parent Company's Articles of Incorporation, to further extend the corporate term for another 50 years from and after July 20, 2020, the expiry date of its extended term. The approval was ratified by the stockholders during their scheduled annual meeting on May 5, 2016. On November 7, 2016, the SEC issued the Certificate of Filing of Amended Articles of Incorporation, amending the Third Article thereof to extend the term of corporate existence of the Parent Company.

The Parent Company has the following subsidiaries:

	Effective Percentages of Ownership		Country of	
Subsidiary	**2019**	2018	Incorporation	Principal Activities
Chinabank Insurance Brokers, Inc. (CIBI)	**100.00%**	100.00%	Philippines	Insurance brokerage
CBC Properties and Computer Center, Inc. (CBC-PCCI)	**100.00%**	100.00%	Philippines	Computer services
China Bank Savings, Inc. (CBSI)	**98.29%**	98.29%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	**100.00%**	100.00%	Philippines	Investment house
CBC Assets One (SPC) Inc.	**100.00%**	100.00%	Philippines	Special purpose corporation
China Bank Securities Corporation (CBCSec)	**100.00%**	100.00%	Philippines	Stock brokerage

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 22.55%and 20.30% as of December 31, 2019 and 2018, respectively.

The Parent Company's principal place of business is at 8745 Paseo de Roxas cor. Villar St., Makati City.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group").

The accompanying financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine peso, and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements of the Parent Company reflect the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements of these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Parent Company's subsidiaries is the Philippine peso.

Statement of Compliance
The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
The balance sheets of the Group and of the Parent Company are presented in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheets only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. The Group and the Parent Company assess that they have currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group, the Parent Company and all of the counterparties.

Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and the Parent Company.

Basis of Consolidation and Investments in Subsidiaries
The consolidated financial statements of the Group are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions and income and expenses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company. The Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee, and

- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the related OCI recorded in equity and recycle the same to profit or loss or surplus
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes the remaining difference in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be recognized if the Group had directly disposed of the related assets or liabilities

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interest is presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Any losses applicable to the non-controlling interest are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new, amendments and improvements to PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation which became effective as of January 1, 2019. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Group:

- *Amendments*
  - PFRS 9 (Amendment), *Prepayment Features with Negative Compensation*
  - PAS 19 (Amendments), *Employee Benefits, Plan Amendment, Curtailment or Settlement*
  - PAS 28 (Amendments), *Long-term Interests in Associates and Joint Ventures*

- *Annual Improvements to PFRS 2015-2018 Cycle*
  - Amendments to PFRS 3, *Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

- *Interpretation*
  - IFRIC 23, *Uncertainty over Income Tax Treatments*
    The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, Income Taxes. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
    - Whether an entity considers uncertain tax treatments separately
    - The assumptions an entity makes about the examination of tax treatments by taxation authorities
    - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
    - How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

The Group applies significant judgment in assessing whether it has uncertain tax position over its income tax treatments. Based on the assessment made, the Group determined that it has no uncertain tax position and the Interpretation did not have an impact on the consolidated financial statement.

Standard that has been adopted and that is deemed to have significant impact on the financial statements or performance of the Group is described below:

PFRS 16, *Leases*
PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from the accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

On January 1, 2019, the Group adopted PFRS 16 following the modified retrospective approach. Under the modified retrospective approach, the Group did not restate prior-period comparative financial statements which remain to be reported under PAS 17. Therefore, some accounts in the comparative financial statements are not comparable to the information presented for 2019. The Group elected to use the following transition practical expedients:

- Non-recognition of lease liability and right-of-use asset for low-value leases and leases ending within 12 months of the date of initial application; and
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

As of January 1, 2019, the weighted average incremental borrowing rate applied to lease commitments ranges from 5% to 8.17% for the Group and 7.38% for the Parent Company. The reconciliation of the operating lease commitments to the total gross lease payments used in the measurement of the opening lease liabilities follows:

	Consolidated	**Parent Company**
Gross lease payments as of December 31, 2018	₱4,724,577	₱3,853,894
Gross lease payments pertaining to short-term or low-value leases	(557,275)	(543,366)
Total gross lease payments as of December 31, 2018	4,167,302	3,310,528
Weighted average incremental borrowing rate	5.00%-8.17%	7.38%
Lease liability as of January 1, 2019	**₱3,669,457**	**₱2,915,844**

The right-of-use assets are presented under bank premises, furniture, fixtures and equipment and the lease liabilities under other liabilities.

As a result of the adoption of PFRS 16, as at January 1, 2019:

a) total assets and total liabilities increased resulting from the recognition of right-of use assets and lease liability in the balance sheet amounting to ₱3.67 billion for the Group and ₱2.92 billion for the Parent Company; and
b) accrued rent payable relating to previous operating leases was recorded as an adjustment to right-of-use assets amounting to ₱238.18 million and ₱186.76 million for the Group and the Parent Company, respectively.

The adoption of PFRS 16 did not have an impact on equity on January 1, 2019, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application

Significant Accounting Policies

Foreign Currency Translation
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency.

Transactions and balances
The books of accounts of the RBU are maintained in Philippine peso, the RBU's functional currency, while those of the FCDU are maintained in United States (US) dollars (USD), the FCDU's functional currency. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate (for 2019 and 2018) and the Philippine Dealing System (PDS) closing rate prevailing (for 2017) at end of the year, and foreign currency-denominated income and expenses, at the exchange rates on transaction dates. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities are credited to or charged against operations in the period in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU are translated into the Parent Company's presentation currency (the Philippine Peso) at the BAP closing rate (for 2019 and 2018) and the PDS closing rate prevailing (for 2017) at the reporting date, and its income and expenses are translated at the BAP weighted average rate for 2019 and 2018 while in 2017, the basis was PDSWAR for the year. Exchange differences arising on translation are taken directly to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance or transfer of the FCDU income to RBU, the related exchange difference arising from translation lodged under 'Cumulative translation adjustment' is recognized in the statement of income of the RBU books.

Fair Value Measurement
The Group measures financial instruments, such as financial instruments at FVPL and financial assets at FVOCI at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid - ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, interbank loans receivables and securities purchased under resale agreement (SPURA) that are convertible to known amounts of cash which have original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group’s cash requirements as allowed by the BSP.

SPURA
Securities purchased under agreements to resell at a specified future date (‘reverse repos’) are not recognized in the balance sheet. The corresponding cash paid including accrued interest, is recognized in the balance sheet as SPURA. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Financial Instruments - Initial Recognition
Date of recognition
Purchases or sales of financial assets, except for derivative instruments, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that such asset is delivered by the Group. Any change in fair value of a financial asset is recognized in the statement of income for assets classified as financial assets at FVPL, and in equity for assets classified as financial assets at FVOCI. Derivatives are recognized on a trade date

basis. Deposits, amounts due to banks and customers loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments
All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

'Day 1' difference
Where the transaction price in a non-active market is different with the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and measurement
Under PFRS 9, the classification and measurement of financial assets is driven by the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets.

As part of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's measurement categories are described below:

Financial assets at Amortized Cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value. The amortization is included in 'Interest income' in the statement of income. Gains or losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statement of income under provision for impairment and credit losses: The effects of revaluation or foreign currency-denominated investments are recognized in the statement of income. Gains or losses arising from disposals of these instruments are included in 'Gains (losses) on disposal of investment securities at amortized cost' in the statement of income.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable and SPURA, Investment securities at amortized cost, Loans and receivables, Accrued interest receivables and certain financial assets under Other assets.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVTPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group irrevocably designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes and derivatives.

A financial asset is considered as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financialguarantee.

Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL and gains or losses arising from disposals of these instruments are included in 'Gains (losses) on trading and investment securities' account in the statement of income.

Interest recognized based on the modified effective interest rate of these investments is reported in statement of income under 'Interest income' account while dividend income is reported in statement of income under 'Miscellaneous income' account when the right of payment has been established.

Derivative instruments
The Parent Company is a party to derivative instruments, particularly, forward exchange contracts, interest rate swaps (IRS) and warrants. These contracts are entered into as a service to customers and as a means of reducing and managing the Parent Company's foreign exchange risk, and interest rate risk as well as for trading purposes, but are not designated as hedges. Such derivative financial instruments are stated at fair value through profit or loss.

Any gains or losses arising from changes in fair value of derivative instruments that do not qualify for hedge accounting are taken directly to the statement of income under 'Foreign exchange gain (loss) - net' for forward exchange contracts and 'Trading and securities gain-net' for IRS and warrants.

Embedded derivatives that are bifurcated from the host financial and non-financial contracts are also accounted for as financial instruments at FVPL.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at fair value through profit or loss.

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group first becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows that would otherwise be required.

Financial Assets at FVOCI - Equity Investments
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on January 1, 2018.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized fair value gain (loss) on financial assets at FVOCI in the balance sheet. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Miscellaneous Income' account.

Financial Assets at FVOCI - Debt Investments
The Group applies the category of debt instruments measured at FVOCI when both of the following conditions are met:
- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss. Provision for credit and impairment losses is recognized in profit or loss with the corresponding ECL recognized in OCI.

On derecognition, ECL and cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Reclassification
The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets:
(i) from amortized cost to fair value, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from fair value to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Impairment of financial assets
ECL represent credit losses that reflect an unbiased and probability-weighted measure of expected cash shortfalls, discounted at an approximation to the EIR which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For non-credit-impaired financial instruments:
- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Company recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Company recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:
- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

ECL is a function of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. EAD represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts to be drawn within the contractual availability period of the irrevocable commitments. LGD is the amount that may not be recovered in the event of default. LGD takes into consideration the amount and quality of any collateral held. Please refer to Note 6 for other information related to the Bank's models for PD, EAD, and LGD.

The calculation of ECLs, including the estimation of PD, EAD, LGD and discount rate, is made on an individual basis for most of the Group's financial assets, and on a collective basis for retail products such as credit card receivables. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

In certain circumstances, the Bank modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges. Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are moved to Stage 3.

Hedge Accounting
For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when the risk being hedged is the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when the risk being hedged is the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firmcommitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Parent Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedginginstrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity of hedged item.

An economic relationship exists when the hedging instrument and the hedged item have values that generally move in opposite directions in response to movements in the same risk (hedged risk). The Parent Company assesses economic relationship by performing prospective qualitative or quantitative hedge effectiveness assessment at each reporting date. In addition, the Parent Company measures ineffectiveness by comparing the cumulative change in the fair value of the hedging instrument with the cumulative change in the fair value of the hedged item.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

As of December 31, 2019, the Parent Company has outstanding interest rate swaps designated as effective hedging instruments in a cash flow hedge (Note 26).

Impairment of Financial Assets *(Policies applicable prior to January 1, 2018)*
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income. Interest income continues to be recognized based on the original EIR of the asset. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has beenrealized.

If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularlyby the Group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to 'Miscellaneous income'.

Financial assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objectiveevidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from OCI and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the statement of income. If, in subsequent years, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Restructured loans
Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment and credit losses' in the statement of income.

When the loan has been restructured but not derecognized, the Group also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

<u>Financial Liabilities</u>
Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statements of income under the caption Interest expense.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statements of income over the period of the borrowings using the effective interest method.

Derivative liabilities are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statements of income.

Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred control of theasset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required torepay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Financial Guarantees and Undrawn Loan Commitments
The Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Starting January 1, 2018, these contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to loan commitments is recognized in 'Miscellaneous liabilities'.

Write-offs
Financial assets are written off either partially or in their entirety when the Group no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Investment in Associates
Associates pertain to all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20.00% and 50.00% of the voting rights. In the consolidated and parent company financial statements, investments in associates are accounted for under the equity method of accounting.

Under the equity method, an investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associates. Goodwill, if any, relating to an associate is included in the carrying value of the investment and is not amortized. The statement of income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits or losses resulting from transactions between the Group and an associate are eliminated to the extent of the interest in the associate.

Dividends earned on this investment are recognized in the Parent Company's statement of income asa reduction from the carrying value of theinvestment.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Investment in Subsidiaries
In the parent company financial statements, investment in subsidiaries is accounted for under the equity method of accounting similar to the investment in associates.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree' s identifiable net assets. Acquisition costs incurred are charged to profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair valueof the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9, either in profit or loss or as a charge to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase under 'Miscellaneous income'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment identified for segment reporting purposes.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Cash Dividend and Non-cash Distribution to Equity Holders of the Parent Company
The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of income.

Bank Premises, Furniture, Fixtures and Equipment
Land is stated at cost less any impairment in value while depreciable properties such as buildings, leasehold improvements, and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the bank premises, furniture, fixtures and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs.

Construction-in-progress is stated at cost less any impairment in value. The initial cost comprises its construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Depreciation and amortization is calculated using the straight-line method over the estimated useful life (EUL) of the depreciable assets as follows:

	EUL
Buildings	50 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	Shorter of 6 years or the related lease terms

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of bank premises, furniture, fixtures and equipment and leasehold improvements.

An item of bank premises, furniture, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties

Investment properties include real properties acquired in settlement of loans and receivables which are measured initially at cost, including certain transaction costs. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The difference between the fair value of the investment property upon foreclosure and the carrying value of the loan is recognized under 'Gain on asset foreclosure and dacion transactions' in the statement of income. Subsequent to initial recognition, depreciable investment properties are stated at cost less accumulated depreciation and any accumulated impairment in value except for land which is stated at cost less impairment in value.

Expenditures incurred after the investment properties have been put into operation, suchas repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining EUL of the building and improvement components of investment properties which ranged from 10 to 33 years from the time of acquisition of the investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the derecognition of an investment property are recognized as 'Gain on sale of investment properties' in the statement of income in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets

Intangible assets include software cost and branch licenses resulting from the Parent Company's acquisition of CBSI, Unity Bank and PDB (Notes 11 and 14).

Software costs

Costs related to software purchased by the Group for use in operations areamortized on a straight-line basis over 3 to 10 years. The amortization method and useful life are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefits embodied in the asset.

Branch licenses

The branch licenses are initially measured at fair value as of the date of acquisition and are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

Such intangible assets are not amortized, instead they are tested for impairment annually either individually or at the CGU level. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the intangible asset relates. Recoverable amount represents the CGU's value in use. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in earnings when the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (e.g., investment in associates, investment properties, bank premises, furniture, fixtures and equipment, goodwill and intangible assets) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

An impairment loss is charged to operations in the year in which it arises.

For nonfinancial assets, excluding goodwill and branch licenses, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed, except for goodwill, only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Accounting policy on Leases effective January 1, 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and Amortization' in the statement of income.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of ATM sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM sites that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the leaseterm.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the leaseterm on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases (Prior to January 1, 2019)
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement; or
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term; or
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term and included in 'Occupancy cost' in the statement of income.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Capital Stock
Capital stocks are recorded at par. Proceeds in excess of par value are recognized under equity as 'Capital paid in excess of par value' in the balance sheet. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction fromproceeds, net of tax.

Revenue Recognition

Revenues within the scope of PFRS 15, Revenue from Contracts with Customers
Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group and the Parent Companyexercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following specific recognition criteria must be met before revenue is recognized for contracts within the scope of PFRS 15:

Fee and commission income
The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

a. *Fee income earned from services that are provided over a certain period of time*
   Fees earned for the provision of services over a period of time are accrued over that period. These fees include investment fund fees, custodian fees, fiduciary fees, commission income, credit related fees, asset management fees, portfolio and other management fees, and advisory fees.

b. *Fee income from providing transactions services*
   Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as underwriting fees, corporate finance fees and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as for the other participants.

Service charges and penalties
Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to their collectability.

Other income
Income from sale of service is recognized upon rendition of the service. Income from sale of properties is recognized when control has been transferred to the customer and when the collectability of the sales price is reasonably assured.

<u>*Revenues outside the scope of PFRS 15*</u>
Interest income
For all interest-bearing financial assets, interest income is recorded at either EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability, or at rate stated in the contract. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, as applicable, but not future credit losses. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'. Loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan. If the commitment expires without the Group making the loan, the commitment fees are recognized as other income on expiry.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Trading and securities gain
This represents results arising from trading activities and sale of AFS financial assets or FVOCI debt assets.

Gain on disposal of investment securities at amortized cost
This represents results arising from sale of investment securities measured at amortized cost.

Expense Recognition
Expense is recognized when it is probable that a decrease in future economic benefits related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.

Interest expense
Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

Other expenses
Expenses encompass losses as well as those expenses that arise in the ordinary course of business of the Group. Expenses are recognized when incurred.

Retirement Benefits
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets and adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reportingdate.

Deferred tax
Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to theextent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock splits, stock dividends declared and stock rights exercised during the year, if any.

The Parent Company has no outstanding dilutive potential common shares.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Parent Company and its subsidiaries. Dividends declared during the year that are approved after the reporting date are dealt with as an event after the reporting date.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 32. The Group's revenue producing assets are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Fiduciary Activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

Events after the Reporting Period
Any post year-end events that provide additional information about the Group's position at the reporting date (adjusting event) are reflected in the Group's financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Standards Issued but Not Yet Effective

There are new PFRSs, amendments, interpretation and annual improvements, to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements:

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*.

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

  The standard is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities at reporting date. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

a. *Financial instruments*
   Where the fair values of financial assets and financial liabilities recorded on the balance sheet or disclosed in the notes cannot be derived from active markets, they are determined using discounted cash flow model, incorporating inputs such as current market rates of comparable instruments. The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 5.

b. *Contingencies*
   The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the financial statements (Note 31). It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

c. *Evaluation of business model in managing financial assets (PFRS 9)*
   The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals

and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial asset or a portfolio of financial assets belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them. The Group also considers the frequency, value, reasons and timing of past sales and expectation of future sales activity in this evaluation.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

The business model assessment is based on reasonably expected scenarios without taking worst case or stress case scenarios into account. If cash flows, after initial recognition are realized in a way that is different from the Group's and the Parent Company's original expectations, the Group and the Parent Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

In 2019, the Parent Company sold investment securities at amortized cost whose carrying values prior to the sale amounted ₱13.32 billion. Such disposals were made due to the following conditions and reasons:

- An increase in the financial assets' credit risk due to political uncertainty affecting the sovereign issuer's environment
- A change in the funding profile of the Parent Company;
- A potential breach in the regulatory or internal limits of the Parent Company;
- A highly probable change in regulations with a potentially adverse impact to the financial assets' contractual cash flows

The disposals resulted in gains amounting to ₱1.30 billion for the Parent Company.

Also, CBS sold investment securities at amortized cost amounting to ₱5.29 billion to comply with regulatory limits. The sold investments included securities with carrying amount of ₱1.93 billion that are nearing their maturity dates and where the selling price approximated amortized cost. The disposals resulted in gains amounting to ₱82.51 million for CBS.

These disposals in the investment securities at amortized cost are consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed above. Further, these disposals did not result in a change in business model and the remaining portfolio after the sale remains to be accounted for at amortized cost (see Note 9).

d. *Testing the cash flow characteristics of financial assets (PFRS 9)*
In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk), i.e., cash flows that are non-SPPI, does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

e. *Incremental borrowing rate used for lease liabilities*
If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate in measuring its lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. The Group estimates the incremental borrowing rate using observable inputs (prevailing risk-free market rates) adjusted by the credit risk of the Group (i.e., credit spread).

f. *Hedge accounting*
The Bank has designated the hedge relationship between its floating rate bond payable (Note 18) and an interest rate swap as cash flow hedge. The Bank's hedge accounting policies include an element of judgement and estimation, in particular, in respect of the existence of highly probable cash flows for inclusion within the cash flow hedge. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships. Details of the Bank's hedge accounting policies are described in Note 26.

Estimates

a. *Expected credit losses on financial assets and commitments (PFRS 9)*
The Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Group's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;

- sufficiency and appropriateness of data used and relationships assumed in building the components of the Group's expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss should be recognized and the applicable loss rate

The related allowance for credit losses of financial assets and commitments of the Group and the Parent Company are disclosed in Notes 16 and 21.

b. *Impairment of goodwill*
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (CGU) to which the goodwill relates. The recoverable amount of the CGU is determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Impairment assessment process requires significant judgement and based on assumptions, specifically loan and deposit growth rates, discount rate and the long-term growth rates.

Where the recoverable amount is less than the carrying amount of the CGU to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The carrying values of the Group's goodwill are disclosed in Note 14.

c. *Impairment of branch licenses*
The Group conducts an annual review for any impairment in the value of branch licenses. Branch licenses are written down for impairment where the recoverable value is insufficient to support the carrying value. The recoverable amount of branch licenses is determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Impairment assessment process requires significant judgement and based on assumptions, specifically loan and deposit growth rates, discount rate and the long-term growth rates.

The carrying values of the Group's branch licenses are disclosed in Note 14.

d. *Net plan assets and retirement expense*
The determination of the Group's net plan assets and annual retirement expense is dependent on the selection of certain assumptions used in calculating such amounts. These assumptions include, among others, discount rates and salary rates.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date.

The present value of the retirement obligation and fair value of plan assets, including the details of the assumptions used in the calculation are disclosed in Note 25.

e. *Recognition of deferred income taxes*
Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management discretion is required to determine the amount of deferred tax assets that can be recognized, based

on the forecasted level of future taxable profits and the related future tax planning strategies. Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its recorded deferred tax assets. Taxable income is sourced mainly from interest income from lending activities and earnings from service charge, fees, commissions and trust activities.

The recognized and unrecognized deferred tax assets are disclosed in Note 28.

f. *Impairment on non-financial assets*
The Group assesses impairment on its nonfinancial assets (e.g., investment properties and bank premises, furniture, fixtures and equipment) and considers the following impairment indicators:
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Except for investment properties where recoverable amount is determined based on fair value less cost to sell, the recoverable amount of all other nonfinancial assets is determined based on the asset's value in use computation which considers the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the Group's nonfinancial assets are disclosed in Notes 12 and 13.

4. Financial Instrument Categories

The following table presents the total carrying amount of the Group's and the Parent Company's financial instruments per category:

	Consolidated		Parent Company	
	2019	**2018**	**2019**	**2018**
Financial assets				
Cash and other cash items	**₱16,839,755**	₱15,639,474	**₱14,856,844**	₱13,705,304
Financial assets at FVTPL	**18,500,111**	7,596,261	**18,444,101**	6,689,796
Financial assets at FVOCI	**26,133,360**	10,101,527	**24,170,629**	8,213,010
Financial assets at amortized cost				
Due from BSP	**100,174,398**	101,889,773	**88,109,650**	95,092,944
Due from other banks	**9,900,642**	9,455,447	**8,645,547**	7,837,894
Interbank loans receivables and	**17,036,460**	11,998,040	**10,027,609**	8,998,040
Investment securities at amortized cost	**168,202,728**	172,537,036	**164,231,583**	163,824,466
Loans and receivables	**568,919,164**	505,804,955	**502,930,197**	441,432,156
Accrued interest receivable	**7,158,494**	5,697,181	**6,526,475**	5,126,127
Other assets*	**4,382,441**	3,577,270	**2,077,459**	1,520,108
	707,571,599	810,959,702	**618,316,937**	723,831,735
Total financial assets	**₱937,247,553**	₱844,296,964	**₱840,020,094**	₱752,439,845

*Other assets include accounts receivables, SCR, RCOCI and miscellaneous financial assets (Note 15).

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Financial liabilities				
Other financial liabilities:				
Deposit liabilities	**₱775,427,861**	₱722,123,297	**₱687,764,453**	₱638,243,362
Bills payable	**33,381,406**	39,826,532	**33,381,406**	39,826,532
Manager's checks	**1,998,678**	2,577,175	**1,535,936**	2,069,812
Accrued interest and other expenses *	**2,153,496**	2,456,064	**1,803,090**	2,035,662
Bonds payable	**37,394,398**	–	**37,394,398**	–
Other liabilities**	**10,532,784**	7,347,450	**8,426,083**	5,779,466
	860,888,623	774,330,518	**770,305,366**	687,954,834
Financial liabilities at FVPL:				
Derivative liabilities	**₱1,036,052**	₱455,150	**₱1,036,052**	₱455,150
Derivative contracts designated as hedges	**51,949**	–	**51,949**	–
Total financial liabilities	**₱861,976,624**	₱774,785,668	**₱771,393,367**	₱688,409,984

*Accrued interest and other expenses includes accrued interest payable and accrued other expenses payable (Note 20).
**Other liabilities exclude withholding taxes payable and retirement liabilities (Note 21)

5. Fair Value Measurement

The Group has assets and liabilities in the consolidated and Parent Company balance sheets that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the balance sheet at the end of each financial reporting period. These include financial assets and liabilities at FVPL and financial assets at FVOCI.

As of December 31, 2019 and 2018, except for the following financial instruments, the carrying values of the Group's and the Parent Company's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

	2019			
	Consolidated		**Parent Company**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets				
Investment securities at amortized cost				
Investment securities (Note 9)				
Government bonds	**₱116,859,352**	**₱115,600,451**	**₱114,157,458**	**₱113,070,656**
Private bonds	**51,343,376**	**52,569,793**	**50,074,125**	**51,304,523**
Loans and receivables (Note 10)				
Corporate and commercial lending	**458,007,221**	**449,343,219**	**433,716,968**	**423,191,284**
Consumer lending	**100,104,341**	**105,846,151**	**58,707,050**	**59,188,709**
Trade-related lending	**10,766,453**	**11,267,769**	**10,472,182**	**10,819,193**
Others	**41,148**	**47,780**	**33,997**	**39,177**
Sales contracts receivable (Note 15)	**1,124,275**	**1,200,426**	**210,706**	**224,080**
Investment properties				
Land	**2,770,799**	**5,199,926**	**615,253.00**	**2,516,447**
Buildings and improvements	**1,603,958**	**2,819,400**	**881,734.00**	**1,455,041**
Financial Liabilities				
Deposit liabilities (Note 17)	**363,600,383**	**358,540,409**	**307,293,511**	**302,112,818**
Bonds payable	**37,394,398**	**37,980,269**	**37,394,398**	**37,980,269**

	2018			
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 9)				
Government bonds	₱117,260,018	₱108,886,906	₱110,220,634	₱102,006,641
Private bonds	55,277,018	54,077,408	53,603,832	52,509,703
Loans and receivables (Note 10)				
Corporate and commercial lending	406,403,070	389,177,803	376,793,349	357,613,633
Consumer lending	85,688,187	85,222,099	51,816,708	46,749,579
Trade-related lending	13,662,914	13,283,538	12,782,734	12,772,774
Others	50,785	56,603	39,365	45,185
Sales contracts receivable (Note 15)	1,040,939	1,101,941	199,692	178,486
Financial Liabilities				
Deposit liabilities (Note 17)	321,343,811	299,666,264	265,739,836	243,898,397

The methods and assumptions used by the Group and Parent Company in estimating the fair values of the financial instruments follow:

Cash and other cash items, due from BSP and other banks, interbank loans receivable and SPURA and accrued interest receivable - The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities - For publicly traded equity securities, fair values are based on quoted prices. For unquoted equity securities, remeasurement to their fair values is not material to the financial statements.

Loans and receivables and sales contracts receivable (SCR) included in other assets - Fair values of loans and receivables and SCR are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, RCOCI and other financial assets included in other assets - Quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities.

Derivative instruments (included under FVPL) - Fair values are estimated based on discounted cash flows, using prevailing interest rate differential and spot exchange rates.

Deposit liabilities (time, demand and savings deposits) - Fair values of time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due anddemandable.

Bonds payable and Bills payable – Unless quoted market prices are not readily available, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued.

Manager's checks and accrued interest and other expenses - Carrying amounts approximate fair values due to the short-term nature of theaccounts.

Other liabilities - Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's totalportfolio.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: inputs that are not based on observable market data or unobservable inputs.

As of December 31, 2019 and 2018, the fair value hierarchy of the Group's and the Parent Company's assets and liabilities are presented below:

	Consolidated			
	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱5,087,179**	**₱3,363,947**	**₱–**	**₱8,451,126**
Treasury notes	–	**2,386,226**	–	**2,386,226**
Treasury bills	–	**1,378,137**	–	**1,378,137**
Private bonds	**4,372,734**	–	–	**4,372,734**
Quoted equity shares	**1,243,938**	–	–	**1,243,938**
Derivative assets	–	**667,950**	–	**667,950**
FVOCI financial assets				
Government bonds	**3,977,446**	**18,563,070**	–	**22,540,516**
Quoted private bonds	**2,953,271**	–	–	**2,953,271**
Quoted equity shares	**621,208**	–	–	**621,208**
	₱18,255,776	**₱26,359,330**	**₱–**	**₱44,615,106**
Financial liabilities at FVPL				
Derivative liabilities	**₱–**	**₱1,036,052**	**₱–**	**₱1,036,052**
Derivative contracts designated as hedges	–	**51,949**	–	**51,949**
	₱–	**₱1,088,001**	**₱–**	**₱1,088,001**
Fair values of assets carried at amortized cost/cost[(a)]				
Investment securities at amortized cost				
Government bonds	**₱115,600,451**	**₱–**	**₱–**	**₱115,600,451**
Private bonds	**52,569,793**	–	–	**52,569,793**
Loans and receivables				
Corporate and commercial loans	–	–	**449,343,219**	**449,343,219**
Consumer loans	–	–	**105,846,151**	**105,846,151**
Trade-related loans	–	–	**11,267,769**	**11,267,769**
Others	–	–	**47,780**	**47,780**
Sales contracts receivable	–	–	**1,200,426**	**1,200,426**
Investment properties[(b)]				
Land	–	–	**5,199,926**	**5,199,926**
Buildings and improvements	–	–	**2,819,400**	**2,819,400**
	₱168,170,244	**₱–**	**₱575,724,671**	**₱743,894,915**
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	**₱–**	**₱–**	**₱358,540,409**	**₱358,540,409**
Bonds payable	–	–	**37,980,269**	**37,980,269**
	–	–	**₱432,151,557**	**₱432,151,557**

(a) valued as of December 31, 2019

	Consolidated			
	2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱492,521	₱141,372	₱–	₱633,893
Treasury notes	–	838,662	–	838,662
Treasury bills	–	1,214,170	–	1,214,170
Private bonds	3,189,063	–	–	3,189,063
Quoted equity shares	1,312,625	–	–	1,312,625
Derivative assets	–	407,848	–	407848
Financial assets at FVOCI			–	
Government bonds	4,859,716	5,107,673	–	9,967,389
Quoted private bonds	35,370	–	–	35,370
Quoted equity shares	80,403	–	–	80,403
	₱9,969,698	₱7,709,725	₱–	₱17,679,423
Financial liabilities at FVPL				
Derivative liabilities	₱–	455,150	₱–	455,150
	₱–	455,150	₱–	455,150

	Consolidated			
	2018			
	Level 1	Level 2	Level 3	Total
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	₱108,886,906	₱–	₱–	₱108,886,906
Private bonds	54,077,408	–	–	54,077,408
Loans and receivables				
Corporate and commercial loans	–	–	389,177,803	389,177,803
Consumer loans	–	–	85,222,099	85,222,099
Trade-related loans	–	–	13,283,538	13,283,538
Others	–	–	56,603	56,603
Sales contracts receivable	–	–	1,101,941	1,101,941
Investment properties[(b)]		–		
Land	–	–	8,696,956	8,696,956
Buildings and improvements	–	–	1,371,972	1,371,972
	₱162,964,314	₱–	₱498,910,912	₱661,875,226
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	₱–	₱–	₱299,666,264	₱299,666,264

(a) valued as of December 31,2018

	Parent Company			
	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱5,087,179**	**₱3,363,947**	**₱–**	**₱ 8,451,126**
Treasury notes	–	**2,386,226**	–	**2,386,226**
Treasury bills	–	**1,378,137**	–	**1,378,137**
Private bonds	**4,372,734**	–	–	**4,372,734**
Quoted equity shares	**1,187,928**	–	–	**1,187,928**
Derivative assets	–	**667,950**	–	**667,950**
FVOCI financial assets				
Government bonds	**2,489,563**	**18,563,070**	–	**21,052,633**
Quoted private bonds	**2,512,588**	–	–	**2,512,588**
Quoted equity shares	**587,043**	–	–	**587,043**
	₱16,237,035	**₱26,359,330**	**₱–**	**₱42,596,365**
Financial liabilities at FVPL				
Derivative liabilities	**₱–**	**₱1,036,052**	**₱–**	**₱1,036,052**
Derivative contracts designated as hedges		**51,949**		**51,949**
	₱–	**₱1,088,001**	**₱–**	**₱1,088,001**
Fair values of assets carried at amortized cost/cost[(a)]				
Investment securities at amortized cost				
Government bonds	**₱113,070,656**	**₱–**	**₱–**	**₱113,070,656**
Private bonds	**51,304,523**	–	–	**51,304,523**
Loans and receivables				
Corporate and commercial loans	–	–	**423,191,284**	**423,191,284**
Consumer loans	–	–	**59,188,709**	**59,188,709**
Trade-related loans	–	–	**10,819,193**	**10,819,193**
Others	–	–	**39,177**	**39,177**
Sales contracts receivable	–	–	**224,080**	**224,080**
Investment properties[(b)]				
Land	–	–	**2,516,447**	**2,516,447**
Buildings and improvements	–	–	**1,455,041**	**1,455,041**
	₱164,375,179	**₱–**	**₱497,433,931**	**₱661,809,110**
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	**₱–**	**₱–**	**₱302,112,818**	**₱302,112,818**
Bills payable	–	–	**35,630,879**	**35,630,879**
Bonds payable	–	–	**37,980,269**	**37,980,269**
	–	–	**375,723,966**	**375,723,966**
	₱164,375,179	**₱–**	**₱121,709,965**	**₱286,085,144**

(a) valued as of December 31, 2019

	Parent Company			
	2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱492,521	₱141,372	₱–	₱633,893
Treasury notes	–	838,662	–	838,662
Treasury bills	–	1,214,170	–	1,214,170
Private bonds	2,282,598	–	–	2,282,598
Quoted equity shares	1,312,625	–	–	1,312,625
Derivative assets	–	407,848	–	407,848
Financial assets at FVOCI				
Government bonds	3,033,686	5,107,673	–	8,141,359
Quoted private bonds	1,676	–	–	1,676
Quoted equity shares	51,610	–	–	51,610
	₱7,174,716	₱7,709,725	₱–	₱14,884,441
Financial liabilities at FVPL				
Derivative liabilities	₱–	₱455,150	₱–	₱455,150
	₱–	₱455,150	₱–	₱455,150
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	₱102,006,641	₱–	₱–	₱102,006,641
Private bonds	52,509,703	–	–	52,509,703
Loans and receivables				
Corporate and commercial loans	–	–	357,613,633	357,613,633
Consumer loans	–	–	46,749,579	46,749,579
Trade-related loans	–	–	12,772,774	12,772,774
Others	–	–	45,185	45,185
Sales contracts receivable	–	–	178,486	178,486
Investment properties[(b)]				
Land	–	–	4,225,706	4,225,706
Buildings and improvements	–	–	974,119	974,119
	₱154,516,344	₱–	₱422,559,482	₱577,075,826
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱243,898,397	₱243,898,397

(a) valued as of December 31, 2018

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2019 and 2018.

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities - interpolated rates based on market rates of benchmark securities as of reporting date.

Private bonds and commercial papers - quoted market price of comparable investments with credit risk premium that is insignificant to the entire fair value measurement.

Derivative assets and liabilities - fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative assets and liabilities.

Inputs used in estimating fair values of financial instruments carried at cost and categorized under Level 3 include risk-free rates and applicable riskpremium.

The fair values of the Group's and Parent Company's investment properties have been determined by the appraisal method by independent external and in-house appraisers based on highest and best useof property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group and the Parent Company:

	Valuation Techniques	**Significant Unobservable Inputs**
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Land and Building	Market Data Approach and Cost Approach	Reproduction Cost New

Descriptions of the valuation techniques and significant unobservable inputs used in the valuation of the Group and the Parent Company's investment properties are as follows:

<u>Valuation Techniques</u>

Market Data Approach A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.

Cost Approach It is an estimate of the investment required to duplicate the property in its present condition. It is reached by estimating the value of the building "as if new" and then deducting the depreciated cost. Fundamental to the Cost Approach is the estimate of Reproduction Cost New of the improvements.

<u>Significant Unobservable Inputs</u>

Reproduction Cost New The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

Size Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.

Shape Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.

Location Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.

Significant Unobservable Inputs

Time Element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market overtime". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash orequivalent.
Corner influence	Bounded by two (2) roads.

6. Financial Risk Management Objectives and Policies

The Group's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Group through a rigorous, comprehensive and continuous process of identification, measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits and thresholds, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Group has placed due importance on expanding and strengthening its risk management process and considers it as a vital component to the Group's continuing profitability and financial stability. Central to the Group's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate inherent risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in themarket.

The key financial risks that the Group faces are: credit risk, market risk and liquidity risk. The Group's risk management objective is primarily focused on controlling and mitigating these risks. The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries, particularly CBSI, have their own risk management processes but are structured similar to that of the Parent Company. To a large extent, the respective risk management programs and objectives are the same across the Group. The severity of risk, materiality, and regulations are primary considerations in determining the scope and extent of the risk management processes put in place for the subsidiaries.

Risk Management Structure

The BOD of the Parent Company is ultimately responsible for the oversight of the Parent Company's risk management processes. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BODs. The BOD of the Parent Company created a separate board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

The BOD has delegated to the Risk Oversight Committee (ROC) the implementation of the risk management process which includes, among others, determining the appropriate risk mitigating strategies and operating principles, adoption of industry standards, development of risk metrics, monitoring of key risk indicators, and the imposition of risk parameters. The ROC is composed of three members of the BOD, two of whom are independent directors.

The Risk Management Group (RMG) is the operating unit of the ROC primarily responsible for the implementation of the risk management strategies approved by the Board of Directors. The implementation cuts across all departments of the Parent Company and involves all of the Parent Company's financial instruments, whether "on-books" or "off-books." The RMG is likewise responsible for monitoring the implementation of specific risk control procedures and enforcing compliance thereto. The RMG is also directly involved in the day-to-day monitoring of material risks ensuring that the Parent Company, in its transactions and dealings, engages only in risk taking activities duly approved by the ROC. The RMG also ensures that relevant information are accurately and completely captured on a timely basis in the management reporting system of the Parent Company. The RMG regularly reports the results of the risk measurements to the ROC. The RMG is headed by the Chief Risk Officer (CRO).

Apart from RMG, each business unit has created and put in place various process controls which ensure that all the external and internal transactions and dealings of the unit are in compliance with the unit's risk management objectives.

The Internal Audit Division also plays a crucial role in risk management primarily because it is independent of the business units and reports exclusively to the Audit Committee which, in turn, is comprised of independent directors. The Internal Audit Division focuses on ensuring that adequate controls are in place and on monitoring compliance to controls. The regular audit covers all processes and controls, including those under the risk management framework handled by the RMG. The audit of these processes and controls is undertaken at least annually. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the Audit Committee.

Risk Management Reporting

The CRO reports to the ROC and is a resource to the Management Committee (ManCom) and the Credit Committee (CreCom). The CRO reports on key risk indicators and specific risk management issues that would need resolution from top management. This is undertaken after the risk issues and key risk indicators have been discussed with the business units concerned. The RMG's function, particularly, that of the CRO, as well as the Board's risk oversight responsibilities are articulated under BSP Circular No. 971, Guidelines on Risk Governance.

The key risk indicators were formulated on the basis of the financial risks faced by the Parent Company. These indicators contain information from all business units that provide measurements on the level of the risks taken by the Parent Company in its products, transactions and financial structure. Among others, the report on key risk indicators includes information on the Parent Company's aggregate credit exposure, credit metric forecasts, hold limit exceptions, Value-at-Risk (VaR), Maximum Cumulative Outflow (MCO) and Earnings-at-Risk (EAR) analysis, utilization of market and credit limits and thresholds, liquidity risk limits and ratios, overall loan loss provisioning and risk profile changes. Loan loss provisioning and credit limit utilization are, however, discussed in more detail in the Credit Committee. On a monthly basis, detailed reporting of industry, customer and geographic risks is included in the discussion with the ROC. A comprehensive risk report is presented to the BOD on a periodic basis for an overall assessment of the level of risks taken by the Bank. On the other hand, the Chief Audit Executive reports to the Audit Committee on a monthly basis on the results of branch or business unit audits and for the resolution of pending but important internal audit issues.

Risk Mitigation

The Parent Company uses derivatives to manage exposures in its financial instruments resulting from changes in interest rates and foreign currencies exposures. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for the Parent Company and its subsidiaries. For interest rate risk from the bonds payable to IFC (Note 18), the Parent

Company entered into a pay-fixed, receive-floating interest rate swap (Note 26) with the same principal terms to hedge the exposure to variable cash flow payments. The hedge relationship would eliminate the risk that variability in the floating rates will compress the net interest margin. The IRS designated as hedge shall be reflected in the Earnings-at-Risk report of RMG.

To further mitigate risks throughout its different business units, the Parent Company formulates risk management policies and continues to improve its existing policies. These policies further serve as the framework and set of guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, preventive controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff, as well as, among business units are reiterated in these policies. To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework created by the RMG are taken up and resolved in the ROC and ManCom.

Based on the approved Operational Risk Assessment Program, RMG spearheaded the bankwide (all Head Office units and branches) risk identification and self-assessment process. This would enable determination of priority risk areas, assessment of mitigating controls in place, and institutionalization of additional measures to ensure a controlled operating environment. RMG was also mandated to maintain and update the Parent Company's Centralized Loss Database wherein all reported incidents of losses shall be encoded to enable assessment of weaknesses in the processes and come up with viable improvements to avoid recurrence.

Monitoring and controlling risks are primarily performed based on various limits and thresholds established by the top management covering the Group's transactions and dealings. These limits and thresholds reflect the Group's business strategies and market environment, as well as, the levels of risks that the Group is willing to tolerate, with additional emphasis on selected industries. In addition, the Parent Company monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Liquidity and interest rate risk exposures are measured and monitored through the Maximum Cumulative Outflow and Earnings-at-Risk reports from the Asset and Liability Management (ALM) system. It was implemented in 2013 and was upgraded in 2018 to a new version which include modules for calculating Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The system also has a Funds Transfer Pricing module used by the Treasury Group and Corporate Planning Group.

For the measurement of market risk exposures, the Bank uses Historical Simulation VaR approach for all treasury traded instruments, including fixed income bonds, foreign exchange swaps and forwards, interest rate swaps and equity securities. Market risk exposures are measured and monitored through reports from the Market Risk Management System which has been implemented in 2018 to enhance risk measurement and automate daily reporting.

BSP issued Circular No. 639 dated January 15, 2009 which mandated the use of the Internal Capital Adequacy Assessment Process (ICAAP) by all universal and commercials banks to determine their minimum required capital relative to their business risk exposures. In this regard, the Board approved the engagement of the services of a consultant to assist in the bank-wide implementation and embedding of the ICAAP, as provided for under Pillar 2 of Basel II and BSP Circular No. 639.

On April 3, 2019, the BOD approved the changes in the trigger events for the review of Capital Ratios MAT and the methodology for the CET1 ratio limit and the Management Action Trigger (MAT) on capital ratios. There were no changes made in the Priority Risk Areas of the Parent Company and the approved trigger events for the review of Priority Risks.

The Parent Company submitted its annually updated ICAAP document, in compliance with BSP requirements on March 29, 2019. The document disclosed that the Parent Company has anappropriate level of internal capital relative to the Group's riskprofile.

For this submission, the Parent Company retained the Pillar 1 Plus approach using the Pillar 1 capital as the baseline. The process of allocating capital for all types of risks above the Pillar 1 capital levels includes quantification of capital buffer for Pillar 2 risks under normal business cycle/condition, in addition to the quantification based on the results of the Integrated Stress Test (IST). The adoption of the IST allows the Parent Company to quantify its overall vulnerability to market shocks and operational losses in a collective manner driven by events rather than in silo. Thecapital assessment in the document discloses that the Group and the Parent Company has appropriate and sufficient level of internal capital.

Credit Risk

Credit Risk and Concentration of Assets and Liabilities and Off-Balance Sheet Items

Credit risk is the risk of financial loss on account of a counterparty to a financial product failing to honor its obligation. The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (i.e., investment securities issued by either sovereign or corporate entities) or enters into either market-traded or over-the-counter derivatives, through implied or actual contractual agreements (i.e., on or off-balance sheet exposures). The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual credit or transaction).

The Group established risk limits and thresholds for purposes of monitoring and managing credit risk from individual counterparties and/or groups of counterparties, major industries, as well as countries. It also conducts periodical assessment of the creditworthiness of its counterparties. In addition, the Group obtains collateral where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

The Parent Company has four credit risk rating models in place: for corporate borrowers, for non-consumer individual borrowers and small & medium enterprises (SMEs), for financial institutions, for sovereign / country exposures. In addition, it also has three scoring models: for auto and housing loan applicants, and for credit card applicants.

In compliance with BSP requirements, the Parent Company established an internal Credit Risk Rating System (ICRRS) for the purpose of measuring credit risk for corporate borrowers in a consistent manner, as accurately as possible, and thereafter uses the risk information for business and financial decision making. The ICRRS covers corporate borrowers with total assets, total facilities, or total credit exposures amounting to ₱15.00 million and above.

Further, the ICRRS was designed within the technical requirements defined under BSP Circular No. 439. It has two components, namely: a) Borrower Risk Rating which provides an assessment of the creditworthiness of the borrower, without considering the proposed facility and security arrangements, and b) Loan Exposure Ratio which provides an assessment of the proposed facilities as mitigated or enhanced by security arrangements.

On February 6, 2019, the Board of Directors approved the recalibrated ICRRS model. Among the changes made was in the rating scale which was expanded from ten to fourteen rating grades, ten of which fall under unclassified accounts, with the remaining four falling under classified accounts in accordance with regulatory provisioning guidelines.

The Parent Company launched in 2011 the Borrower Credit Score (BCS), a credit scoring system designed for retail small and medium entities and individual loan accounts. In 2018, RMG completed the statistical validation of the BCS using the same methodology applied to the validation of the corporate risk rating model. The validation process was conducted with the assistance of Teradata which provided the analytics platform, tools and technical guidance for both credit model performance assessment and recalibration.

The CAMELOT rating system was approved by the BOD in 2006 to specifically assess Philippine universal, commercial and thrift banks. In 2009, the Parent Company implemented the rating system for rural and cooperative banks as well as the rating system for foreign financial institutions.

The Parent Company also developed a Sovereign Risk Rating Model, which provided the tool for the Parent Company to assess the strength of the country rated in reference to its economic fundamentals, fiscal policy, institutional strength, and vulnerability to extreme events. The Model was approved by the Board on September 7, 2018.

The scorecards for auto and housing loans were officially launched in November 2016, adopting the models developed by CBS with a third-party consultant, and utilizing internally developed software interfaces for their implementation.

For the Bank's credit cards, starting September 2017, Transunion score is being used in lieu of an acquisition scorecard to determine application acceptance in conjunction with other credit acceptance criteria.

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Parent Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Parent Company's policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The distribution of the Group's and Parent Company's assets and liabilities, and credit commitment items by geographic region as of December 31, 2019 and 2018 (in millions) follows:

	Consolidated					
	2019			2018		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	**₱ 871,434**	**₱839,979**	**₱139,879**	₱741,331	₱743,613	₱87,789
Asia	**15,110**	**6,717**	**8,658**	14,965	1,386	27,313
Europe	**39,071**	**10,116**	**27,978**	18,411	2,859	3,634
United States	**10,185**	**321**	**7,483**	68,277	21,107	2,548
Others	**1,447**	**4,844**	**87**	1,313	5,821	38
	₱937,247	**₱861,977**	**₱184,085**	₱844,297	₱774,786	₱121,322

	Parent Company					
	2019			2018		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	**₱774,207**	**₱749,395**	**₱139,392**	₱689,382	₱660,706	₱87,077
Asia	**15,110**	**6,717**	**8,658**	14,965	1,386	27,313
Europe	**39,071**	**10,116**	**27,978**	18,411	2,859	3,634
United States	**10,185**	**321**	**7,483**	28,369	17,638	2,548
Others	**1,447**	**4,844**	**87**	1,313	5,821	38
	₱840,020	**₱771,393**	**₱183,598**	₱ 752,440	₱688,410	₱120,610

Information on credit concentration as to industry of loans and receivables is presented in Note 10 to the financial statements.

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group and the Parent Company's financial instruments, excluding those where the carrying values as reflected in the balance sheets and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements:

	Consolidated		
	2019		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	**₱568,919,164**	**₱319,163,000**	**₱249,756,164**
Interbank loans receivable and SPURA	**17,036,460**	**–**	**17,036,460**
Sales contracts receivable	**1,162,106**	**–**	**1,162,106**
	₱587,117,730	**₱319,163,000**	**₱267,954,730**

	Consolidated		
	2018		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱505,804,955	₱275,165,316	₱230,639,639
Interbank loans receivable and SPURA	10,000,000	–	10,000,000
Sales contracts receivable	1,040,939	–	1,040,939
	₱516,845,894	₱275,165,316	₱241,680,578

	Parent Company		
	2019		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	**₱502,930,197**	**₱289,396,593**	**₱213,533,604**
Interbank loans receivable and SPURA	**10,027,609**	**–**	**10,027,609**
Sales contracts receivable	**235,049**	**–**	**235,049**
	₱513,192,855	**₱289,396,593**	**₱223,796,262**

	Parent Company		
	2018		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱441,432,156	₱249,012,090	₱192,420,066
Interbank loans receivable and SPURA	7,000,000	–	7,000,000
Sales contracts receivable	199,692	–	199,962
	₱448,631,848	₱249,012,090	₱199,619,758

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱281.92 billion and ₱2.38 billion, respectively, as of December 31, 2019 and ₱330.43 billion and ₱1.60 billion, respectively, as of December 31, 2018.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱245.70 billion and ₱0.91 billion, respectively, as of December 31, 2019 and ₱302.16 billion and ₱1.47 billion, respectively, as of December 31, 2018.

Credit risk, in respect of derivative financial products, is limited to those with positive fair values, which are included under financial assets at FVPL (Note 9). As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the balance sheet plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 31 to the financial statements.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented with regard to the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions - cash or securities
- For consumer lending - real estate and chattel over vehicle
- For corporate lending and commercial lending- real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Management requests additional collateral in accordance with the underlying agreement and takes into consideration the market value of collateral during its review of the adequacy of allowance for credit losses.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In most cases, the Parent Company does not occupy repossessed properties for business use.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group’s balance sheet. However, the fair value of collateral affects the calculation of loss allowances. It is generally assessed, at a minimum, at inception and re-assessed on an annual basis. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by internal or external appraisers.

Credit quality per class of financial assets
The credit quality of financial assets is managed by the Group using an internal credit rating system for the purpose of measuring credit risk in a consistent manner as accurately as possible. The model on risk ratings is assessed regularly because the Group uses this information as a tool for business and financial decision making. Aside from the periodic review by the Bank's Internal Audit Group, the Bank likewise engaged the services of third-party consultants in 2014, 2015, and 2017 for purposes of conducting an independent validation of the credit risk rating model.

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The attributable risk ratings are assessed and monitored regularly.

The rating categories are further describedbelow.

Neither Past Due nor Impaired

High Grade

This includes all borrowers whose ratings are considered as Low Risk and/or those where the exposures are covered by Government Guarantee. Thus, these borrowers have a very low probability of going into default in the coming year.

In terms of borrower credit ratings, these include the following:

A. ICRRS-Covered
- Borrower Risk Rating (BRR) 1 (Exceptional)
- BRR 2 (Excellent)
- BRR 3 (Strong)
- BRR 4 (Good)

B. BCS-Covered
- Strong

Generally, a Low Risk (High Grade) rating is indicative of a high capacity to fulfill its obligations supported by robust financials (i.e., profitable, with returns considerably higher than the industry, elevated capacities to service its liabilities), gainful positioning in growing industries (i.e., participation in industries where conditions are very favorable and in which they are able to get a good share of the market), and very strong leadership providing clear strategic direction and/or excellent training and development programs.

Standard Grade

This includes all borrowers whose ratings are considered as Moderate Risk and are seen to withstand typical swings in the economic cycle without going into default. However, any prolonged unfavorable economic period would create deterioration that may already be beyond acceptable levels.

In terms of borrower credit ratings, these include the following:

A. ICRRS-Covered
- BRR 5 (Satisfactory)
- BRR 6 (Acceptable)
- BRR 7 (Fair)

B. BCS-Covered
- Satisfactory
- Acceptable

Generally, a Moderate Risk (Standard Grade) rating signifies a borrower whose financial performance is sufficient to service obligations and is at par with competitors in the industry. In terms of management, it is run by executives with adequate personal and professional qualifications and sufficient experience in similar companies. In terms of growth potential, it is engaged in an industry with stable outlook, supportive of continuing operations.

Sub-Standard Grade

This includes all borrowers whose ratings are considered as High Risk and show an elevated risk for default in the next year.

In terms of borrower credit ratings, these includes the following:

Unclassified

A. ICRRS-Covered
- BRR 8 (Watchlist)
- BRR 9 (Speculative)
- BRR 10 (Highly Speculative)

B. BCS-Covered
- Watchlist

Adversely Classified

A. ICRRS and BCS--Covered
- BRR 11 (Especially Mentioned)
- BRR 12 (Substandard)
- BRR 13 (Doubtful)
- BRR 14 (Loss)

For accounts that are Unclassified, a High Risk (Sub-Standard Grade) rating is indicative of borrowers where there are unfavorable industry or company-specific factors. This may be financial in nature (i.e. marginal operating performance, returns that are lower than those of the industry, and/or diminished capacity to pay off obligations that are due), related to management quality (including negative information regarding the company or specific executives) and/or unfavorable industry conditions. The borrower might find it very hard to cope with any significant economic downturn and a default in such a case is more than a possibility. These accounts require a closer monitoring for any signs of further deterioration, warranting adverse classification.

Adversely Classified accounts are automatically considered as high-risk and generally includes past due accounts. However, in some cases, even accounts that are neither past due nor impaired, qualifies for adverse classification. Reasons for this include among others the following: consecutive net losses, emerging weaknesses in terms of cash flow, negative equity, and/or breach in the covenants per term loan agreement.

For consumer loans (i.e., auto, housing, credit card) that are covered by application scorecards which provide either a pass/fail score, the basis for credit quality rating is the BSP classification for those that are booked as Current (i.e. Standard Grade if Unclassified and Sub Standard Grade if Classified and impairment status for those that are booked as Past Due / ITL.

The financial assets are also grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The following tables illustrate the Group's and the Parent Company's credit exposures.

Consolidated	**2019**			
	ECL Staging			
Corporate and commercial lending	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**50,587**	**4,271**	**-**	**54,858**
Standard grade	**295,112**	**5,899**	**-**	**301,011**
Sub-Standard	**88,999**	**8,542**	**-**	**97,541**
Unrated	**724**	**1**	**-**	**725**
Past due but not impaired	**13**	**725**	**-**	**738**
Past due and impaired	**-**	**-**	**4,784**	**4,784**
Gross carrying amount	**435,435**	**19,438**	**4,784**	**459,657**

Consolidated	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer Lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**40,542**	**-**	**-**	**40,542**
Standard grade	**48,761**	**744**	**-**	**49,505**
Sub-Standard	**7,433**	**435**	**-**	**7,868**
Unrated	**2,280**	**1,862**	**-**	**4,142**
Past due but not impaired	**106**	**1,562**	**-**	**1,668**
Past due and impaired	**-**	**-**	**3,497**	**3,497**
Gross carrying amount	**99,122**	**4,603**	**3,497**	**107,222**

Consolidated	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Trade-related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**250**	**-**	**-**	**250**
Standard grade	**8,142**	**37**	**-**	**8,179**
Sub-Standard	**2,169**	**37**	**-**	**2,206**
Unrated	**-**	**-**	**-**	**-**
Past due but not impaired	**32**	**-**	**-**	**32**
Past due and impaired	**-**	**-**	**236**	**236**
Gross carrying amount	**10,593**	**74**	**236**	**10,903**

Consolidated	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**8**	**-**	**-**	**8**
Standard grade	**-**	**-**	**-**	**-**
Sub-Standard	**-**	**-**	**-**	**-**
Unrated	**34**	**-**	**-**	**34**
Past due but not impaired	**-**	**-**	**-**	**-**
Past due and impaired	**-**	**-**	**5**	**5**
Gross carrying amount	**42**	**-**	**5**	**47**

Consolidated	2018			
	ECL Staging			
Corporate and commercial lending	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱65,022	₱-	₱-	₱65,022
Standard grade	234,159	2,341	-	236,500
Sub-Standard	90,877	14,428	-	105,305
Unrated	438	8	-	446
Past due but not impaired	44	648	-	692
Past due and impaired	-	-	3,835	3,835
Gross carrying amount	₱390,540	₱17,425	₱3,835	₱411,800

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Consumer Lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱32,661	₱-	₱-	₱32,661
Standard grade	44,389	600	-	44,989
Sub-Standard	1,309	563	-	1,872
Unrated	1,782	1,613	-	3,395
Past due but not impaired	551	435	-	986
Past due and impaired	-	-	3,313	3,313
Gross carrying amount	₱80,692	₱3,211	₱3,313	₱87,216

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Trade-related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱1,239	₱-	₱-	₱1,239
Standard grade	9,371	9	-	9,380
Sub-Standard	1,500	1,675	-	3,175
Unrated	-	-	-	-
Past due but not impaired	0	-	-	0
Past due and impaired	-	-	23	23
Gross carrying amount	₱12,110	₱1,684	₱23	₱13,817

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Others	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱12	₱-	₱-	₱12
Standard grade	0	-	-	0
Sub-Standard	0	-	-	0
Unrated	39	-	-	39
Past due but not impaired	1	5	-	6
Past due and impaired	-	-	-	-
Gross carrying amount	₱52	₱5	₱-	₱ 57

Parent Company	**2019**			
	ECL Staging			
Corporate and commercial lending	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**29,392**	**4,271**	**-**	**33,663**
Standard grade	**295,112**	**5,155**	**-**	**300,267**
Sub-Standard	**88,999**	**8,528**	**-**	**97,527**
Unrated	**724**	**1**	**-**	**725**
Past due but not impaired	**12**	**50**	**-**	**62**
Past due and impaired	**-**	**-**	**2,229**	**2,229**
Gross carrying amount	**414,239**	**18,005**	**2,229**	**434,473**

Parent Company	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer Lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**224**	**-**	**-**	**224**
Standard grade	**48,761**	**714**	**-**	**49,475**
Sub-Standard	**7,433**	**430**	**-**	**7,863**
Unrated	**2,280**	**1,862**	**-**	**4,142**
Past due but not impaired	**-**	**624**	**-**	**624**
Past due and impaired	**-**	**-**	**2,421**	**2,421**
Gross carrying amount	**58,698**	**3,630**	**2,421**	**64,749**

Parent Company	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Trade−related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Neither past due nor impaired				
High grade	**250**	**-**	**-**	**250**
Standard grade	**8,142**	**37**	**-**	**8,179**
Sub-Standard	**2,169**	**37**	**-**	**2,206**
Unrated	**-**	**-**	**-**	**-**
Past due but not impaired	**32**	**-**	**-**	**32**
Past due and impaired	**-**	**-**	**236**	**236**
Gross carrying amount	**10,593**	**74**	**236**	**10,903**

Parent Company	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Others	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	**-**	**-**	**-**	**-**
Standard grade	**-**	**-**	**-**	**-**
Sub-Standard	**-**	**-**	**-**	**-**
Unrated	**34**	**-**	**-**	**34**
Past due but not impaired	**-**	**-**	**-**	**-**
Past due and impaired	**-**	**-**	**-**	**-**
Gross carrying amount	**34**	**-**	**-**	**34**

Parent Company	2018			
	ECL Staging			
Corporate and commercial lending	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱38,025	₱-	₱-	₱38,025
Standard grade	234,159	2,341	-	236,500
Sub-Standard	90,869	14,428	-	105,297
Unrated	438	8	-	446
Past due but not impaired	44	25	-	69
Past due and impaired	-	-	1,068	1,068
Gross carrying amount	₱363,535	₱16,802	₱1,068	₱ 381,405

Parent Company	2018			
	ECL Staging			
Consumer Lending	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱18	₱-	₱-	₱18
Standard grade	44,287	600	-	44,887
Sub-Standard	1,271	563	-	1,834
Unrated	1,782	1,613	-	3,395
Past due but not impaired	551	49	-	600
Past due and impaired	-	-	1,952	1,952
Gross carrying amount	₱47,909	₱2,825	₱1,952	₱52,686

Parent Company	2018			
	ECL Staging			
Trade–related Lending	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱359	₱-	₱-	₱359
Standard grade	9,371	9	-	9,380
Sub-Standard	1,500	1,675	-	3,175
Unrated	-	-	-	-
Past due but not impaired	0	-	-	0
Past due and impaired	-	-	23	23
Gross carrying amount	₱11,230	₱1,684	₱23	₱12,937

Parent Company	2018			
	ECL Staging			
Others	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱-	₱-	₱-	₱-
Standard grade	-	-	-	-
Sub-Standard	-	-	-	-
Unrated	39	-	-	39
Past due but not impaired	1	-		1
Past due and impaired			-	-
Gross carrying amount	₱40	₱-	₱-	₱40

Depository accounts with the BSP and counterparty banks, Trading and Investment Securities

For these financial assets, outstanding exposure is rated primarily based on external risk rating (i.e. Standard and Poor's (S&P), otherwise, rating is based on risk grades by a local rating agency or included under "Unrated", when the counterparty has no available riskgrade.

The external risk rating of the Group's depository accounts with the BSP and counterparty banks, trading and investment securities, is grouped as follows:

Credit Quality Rating	External Credit Risk Rating	Credit Rating Agency
High grade	AAA, AA+, AA, AA−	S&P
	Aaa, Aa1, Aa2, Aa3	Moody's
	AAA, AA+, AA, AA−	Fitch
Standard grade	A+, A, A−, BBB+, BBB, BBB−	S&P
	A1, A2, A3, Baa1, Baa2, Baa3	Moody's
	A+, A, A−, BBB+, BBB, BBB−	Fitch
Substandard grade	BB+, BB, BB−, B/B+, CCC, R, SD & D	S&P
	Ba1, Ba2, Ba3, B1, B2, R, SD & D	Moody's
	BB+, BB, BB−, B/B+, CCC, R, SD & D	Fitch

Following is the credit rating scale applicable for foreign banks, and government securities (aligned with S&P ratings):

AAA − An obligor has extremely strong capacity to meet its financial commitments.

AA − An obligor has very strong capacity to meet its financial commitments. It differs from the highest−rated obligors at a minimal degree.

A − An obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher−rated categories.

BBB and below:

BBB − An obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB − An obligor is less vulnerable in the near term than other lower−rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

B − An obligor is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

CCC − An obligor is currently vulnerable and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments.

CC − An obligor is currently vulnerable. The rating is used when a default has not yet occurred, but expects default to be a virtual certainty, regardless of the anticipated time to default.

R − An obligor is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

SD and D − An obligor is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non−payment according to terms.

Due from other banks and government securities
The external risk rating of the Group's depository accounts with counterparty banks, trading and investment securities, is grouped as follows (aligned with the Philippine Ratings System):

Credit Quality Rating	**External Credit Risk Rating**
High grade	PRSAAA, PRSAa+, PRSAa, PRSAa−
Standard grade	PRSA+, PRSA, PRSA−, PRSBaa+, PRSBaa, PRSBaa−
Substandard grade	PRSBa+, PRSBa, PRSBa−, PRSB+, PRSB, PRSB−, PRSCaa+, PRSCaa, PRSCaa−, PRSCa+, PRSCa, PRSCa−, PRSC+, PRSC, PRSC−

PRSAaa − The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

PRSAa − The obligor's capacity to meet its financial commitment on the obligation is very strong.

PRSA − With favorable investment attributes and are considered as upper−medium grade obligations. Although obligations rated 'PRSA' are somewhat more susceptible to the adverse effects of changes in economic conditions, the obligor's capacity to meet its financial commitments on the obligation is still strong.

PRSBaa − An obligation rated 'PRS Baa' exhibits adequate protection parameters. However, adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. PRSBaa−rated issues may possess certain speculative characteristics.

PRSBa − An obligation rated 'PRSBa' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties relating to business, financial or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

PRSB − An obligation rated 'PRSB' is more vulnerable to nonpayment than obligations rated 'PRSBa', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse economic conditions will likely impair the obligor's capacity to meet its financial commitment on the obligation. The issue is characterized by high credit risk.

PRSCaa − An obligation rated 'PRSCaa' is presently vulnerable to nonpayment and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation. The issue is considered to be of poor standing and is subject to very high credit risk.

PRSCa − An obligation rated "PRSCa" is presently highly vulnerable to nonpayment. Likely already in or very near default with some prospect for partial recovery of principal or interest.

PRSC − An obligation is already in default with very little prospect for any recovery of principal or interest.

The succeeding tables show the credit exposure of the Group and the Parent Company related to these financial assets.

Consolidated	2019			
	ECL Staging			
Investment securities at amortized cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	25,859	-	-	25,859
Standard grade	108,989	336	-	109,325
Sub-Standard	1,183	-	-	1,183
Unrated	15,721	8,302	-	24,023
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross carrying amount	151,752	8,638	-	160,390

Consolidated	2019			
	ECL Staging			
Financial assets at FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	1,205	-	-	1,205
Standard grade	22,822	-	-	22,822
Sub-Standard	107	-	-	107
Unrated	1,980	-	-	1,980
Past due but not impaired	-	-	-	-
Impaired	-	-	19	19
Gross carrying amount	26,114	-	19	26,133

Consolidated	2018			
	ECL Staging			
Investment securities at amortized cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱7,913	₱108	₱-	₱8,021
Standard grade	111,072	-	-	111,072
Sub-Standard	1,703	-	-	1,703
Unrated	40,765	1,396	152	42,313
Gross carrying amount	₱161,453	₱1,504	₱152	₱163,109

Consolidated	2018			
	ECL Staging			
Financial assets at FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱674	₱-	-	₱674
Standard grade	9,371	-	-	9,371
Sub-Standard	-	-	-	-
Unrated	55	2	-	57
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
Gross carrying amount	₱10,100	₱2	₱ -	₱10,102

Parent Company	2019			
	ECL Staging			
Investment securities at amortized cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	24,491	-	-	24,491
Standard grade	106,682	336	-	107,018
Sub-Standard	1,183	-	-	1,183
Unrated	15,721	8,302	-	24,023
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross carrying amount	148,077	8,638	-	156,715

Parent Company	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVOCI	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	**555**	**-**	**-**	**555**
Standard grade	**21,528**	**-**	**-**	**21,528**
Sub-Standard	**107**	**-**	**-**	**107**
Unrated	**1,980**	**-**	**-**	**1,980**
Past due but not impaired	**-**	**-**	**-**	**-**
Impaired	**-**	**-**	**-**	**-**
Gross carrying amount	**24,170**	**-**	**-**	**24,170**

Parent Company	**2018**			
	ECL Staging			
Investment securities at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱7,235	₱108	₱-	₱7,343
Standard grade	103,873	-	-	103,873
Sub-Standard	1,303	-	-	1,303
Unrated	40,765	1,396	-	42,161
Gross carrying amount	₱153,176	₱1,504	₱-	₱154,680

Parent Company	**2018**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVOCI	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱15	₱-	₱-	₱15
Standard grade	8,141	-	-	8,141
Sub-Standard	-	-	-	-
Unrated	55	2	-	57
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
Gross carrying amount	₱8,211	₱2	₱-	₱8,213

Parent Company	**2019**				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Due from BSP	**₱–**	**₱88,110**	**₱–**	**₱–**	**₱88,110**
Due from other banks	**374**	**8,249**	**3**	**20**	**8,646**
Interbank loans receivable and SPURA	**–**	**10,028**	**–**	**–**	**10,028**
Financial assets at FVPL	**3,510**	**11,580**	**483**	**2,871**	**18,444**
	₱3,884	**₱117,967**	**₱486**	**₱2,891**	**₱125,228**

Parent Company	2018				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Due from BSP	₱–	₱95,093	₱–	₱–	₱95,093
Due from other banks	696	7,119	17	7	7,839
Interbank loans receivable and SPURA	–	7,000	–	–	7,000
Financial assets at FVPL	1,447	4,100	–	1,143	6,690
	₱2,143	₱113,312	₱17	₱1,150	₱116,622

The following table presents the carrying amount of financial assets of the Group and Parent Company as of December 31, 2019 and 2018 that would have been considered past due or impaired if not renegotiated:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Loans and advances to customers				
Corporate and commercial lending	**₱312,787**	₱507,921	**₱35,673**	₱40,029
Consumer lending	**115,370**	110,885	**114,185**	110,885
Total renegotiated financial assets	**₱428,157**	=618,806	**₱149,858**	₱150,914

Impairment assessment
The Group recognizes a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Group categorizes its financial assets into three categories: stage 1 – financial asset that has not had a significant increase in credit risk; stage 2 – financial asset that has had a significant increase in credit risk; and stage 3 – financial asset in default.

Generally, the Group assesses the presence of a significant increase in credit risk based on the number of notches that a financial asset's credit risk rating has declined. When applicable, the Group also applies a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes at least 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e. consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold (i.e. 30 days), the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL.

Further, the Group considers a financial asset as in default when (a) as a result of one or more loss events, there is objective evidence that its recoverable value is less than its carrying amount; (b) it is classified as doubtful or loss under prudential reporting; (c) it is in litigation; and/or (d) full repayment of principal and interest is unlikely without foreclosure of collateral, if any. When applicable, the Group also applies a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group then measures the credit loss allowance on a financial instrument at an amount equal to 12-month expected credit losses for items categorized as stage 1 and lifetime credit losses to items categorized as stage 2 and stage 3.

The Group modeled the following inputs to the expected credit loss formula separately. The formula is applied to each financial asset, with certain exceptions wherein a collective or other general approach is applied:

Exposure at Default (EAD)
The Group defines EAD as the principal and interests that would not be collected assuming the borrower's defaults during a future point in time. The Bank computes for a financial asset's EAD using the expected contractual cash flows during the contractual life of the financial instrument. A financial asset's EAD is defined as the sum of EAD from principal and EAD frominterest.

Probability of default (PD)
The Group uses forward-looking PD estimates that are unbiased and probability-weighted using a range of possible outcomes. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Bank segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio. The Group's PDs are mainly categorized into three: (a) corporate; (b) sovereign; and (c) retail.

Loss given default (LGD)
The Group's LGD model considers certain factors such as the historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. Generally, the model utilizes the Bank's existing loan exposure rating system which is designed to capture these factors as well as the characteristics of collaterals related to an exposure. In cases wherein this does not apply, the Group looks into the standard characteristics of collaterals (e.g., car and housing loans) in order to estimate an LGD factor. In the case of exposures without collaterals (e.g., securities), the Group uses internationally-accepted standard LGD factors.

Credit Review
In accordance with BSP Circular 855, credit reviews are conducted on loan accounts to evaluate whether loans are granted in accordance with the Bank's policies, to assess loan quality and appropriateness of classification and adequacy of loan loss provisioning. Results of credit reviews are promptly reported to management to apprise them of any significant findings for proper corrective actions.

Market Risk
Market risk is the risk of loss that may result from changes in the value of a financial product. The Parent Company's market risk originates from its holdings of domestic and foreign−denominated debt securities, foreign exchange instruments, equities, foreign exchange derivatives and interest rate derivatives.

The RMG of the Parent Company is responsible for assisting the ROC with its responsibility for identifying, measuring, managing and controlling market risk. Market risk management measures the Parent Company market risk exposures through the use of VaR. VaR is a statistical measure that estimates the maximum potential loss from a portfolio over a holding period, within a given confidence level.

VaR assumptions

The Parent Company calculates the VaR in trading activities. The Parent Company uses the Historical Simulation Full Valuation approach to measure VaR for all treasury traded instruments, using a 99.00% confidence level and a 1−day holding period.

The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days. The validity of the VaR model is verified through back testing, which examines how frequently actual and hypothetical daily losses exceeds daily VaR. TheParent Company measures and monitors the VaR and profit and loss on a daily basis.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits havebeen established for all trading positions and exposures are reviewed daily against the limits by management. Further, stress testing is performed for monitoring extreme events.

Limitations of the VaR Methodology

The VaR models are designed to measure market risk in a normal market environment using equally weighted historical data. The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow the same distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the assumptions. VaR may also be under− or over−estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Group would withstand anextreme market event.

A summary of the VaR position of the trading portfolio of the Parent Company is as follows:

	Interest Rate[1]	Foreign Exchange[2]	Price[3]	Interest Rate[4]	Interest Rate[5]
			(In Millions)		
2019					
31 December	**₱69.41**	**₱21.89**	**₱17.85**	**₱12.53**	**₱5.54**
Average daily	**82.81**	**25.42**	**23.89**	**8.75**	**7.78**
Highest	**134.67**	**73.41**	**42.90**	**14.60**	**16.15**
Lowest	**44.49**	**1.84**	**17.29**	**3.36**	**5.22**
2018					
31 December	₱43.62	₱4.54	₱21.78	₱13.78	₱10.65
Average daily	52.11	18.69	30.17	6.35	4.40
Highest	121.89	63.74	56.30	13.78	19.03
Lowest	21.47	2.53	18.29	3.18	0.60

[1] Interest rate VaR for debt securities (Interest rate VaR for foreign currency denominated debt securities are translated to PHP using daily closing rate)
[2] FX VaR is the bankwide foreign exchange risk
[3] Price VaR for equity securities and futures
[4] Interest rate VaR for FX swaps and FX forwards
[5] Interest rate VaR for IRS

Interest Rate Risk
The Group's interest rate risk originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. The Parent Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors and discusses its exposure in Asset and Liability Committee (ALCO) meetings held every week.

As of December 31, 2019 and 2018, 72.55% and 64.57% of the Group's total loan portfolio, respectively, comprised of floating rate loans which are repriced periodically by reference to the transfer pool rate which reflects the Group's internal cost of funds. In keeping with banking industry practice, the Group aims to achieve stability and lengthen the term structure of its deposit base, while providing adequate liquidity to cover transactional banking requirements of customers.

Interest is paid on demand accounts, which constituted 24.76% and 22.81% of total deposits of the Parent Company as of December 31, 2019 and 2018, respectively.

Interest is paid on savings accounts and time deposits accounts, which constitute 30.56% and 44.68%, respectively, of total deposits of the Parent Company as of December 31, 2019, and 35.56% and 41.64%, respectively, as of December 31, 2018.

Savings account interest rates are set by reference to prevailing market rates, while interest rates on time deposits and special savings accounts are usually priced by reference to prevailing rates of short-term government bonds and other money market instruments, or, in the case of foreign currency deposits, inter-bank deposit rates and other benchmark deposit rates in international money markets with similar maturities.

The Group is likewise exposed to fair value interest rate risk due to its holdings of fixed rate government bonds as part of its financial assets at FVOCI and FVTPL portfolios. Market values of these investments are sensitive to fluctuations in interest rates. The following table provides for the average effective interest rates of the Group and of the Parent Company as of December 31, 2019 and2018:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Peso				
Assets				
Due from BSP	**0.29%**	0.17%	**0.07%**	0.06%
Due from banks	**0.22%**	0.26%	**0.11%**	0.11%
Investment securities*	**5.47%**	4.52%	**5.47%**	4.36%
Loans and receivables	**7.09%**	7.26%	**6.89%**	6.18%
Liabilities				
Deposit liabilities	**2.63%**	1.96%	**2.54%**	1.71%
Bills payable	**4.86%**	3.59%	**4.86%**	3.59%
Bonds payable	**3.02%**	–	**3.02%**	–
USD				
Assets				
Due from banks	**0.99%**	0.75%	**1.02%**	0.61%
Investment securities*	**3.58%**	4.16%	**3.56%**	3.88%
Loans and receivables	**4.13%**	4.07%	**4.07%**	3.93%
Liabilities				
Deposit liabilities	**1.66%**	1.48%	**1.66%**	1.45%
Bills payable	**4.99%**	2.89%	**4.00%**	2.86%
Bonds payable	**1.71%**	–	**1.71%**	–

* Consisting of financial assets at FVPL, Financial assets at FVOCI and Investment securities at amortized cost.

The repricing gap analysis method is used by the Group to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Group's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Group's balance sheet into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position to invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier than its interest rate sensitive liabilities, restraining the growth of its net income or resulting in a decline in net interest income.

The following tables set forth the repricing gap position of the Group and Parent Company as of December 31, 2019 and 2018 (in millions):

	Consolidated			
	2019			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱96,254**	**₱–**	**₱3,921**	**₱100,175**
Due from other banks	**9,901**	**–**	**–**	**9,901**
Investment securities	**3,815**	**6,637**	**202,384**	**212,836**
Loans and receivables	**257,385**	**111,758**	**199,776**	**568,919**
Total financial assets	**367,355**	**118,395**	**406,081**	**891,831**
Financial Liabilities				
Deposit liabilities	**313,164**	**37,636**	**424,628**	**775,428**
Bills payable	**18,409**	**14,972**	**–**	**33,381**
Bonds payable	**–**	**7,394**	**30,000**	**37,394**
Total financial liabilities	**331,573**	**60,002**	**454,628**	**846,203**
Repricing gap	**₱35,782**	**₱58,393**	**(48,547)**	**₱45,628**

	Consolidated			
	2018			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱101,890	₱–	₱–	₱101,890
Due from other banks	9,455	–	–	9,455
Investment securities	12,301	3,432	174,500	190,233
Loans and receivables	255,491	38,683	211,634	505,808
Total financial assets	379,137	42,115	386,134	807,386
Financial Liabilities				
Deposit liabilities	291,698	17,893	412,532	722,123
Bills payable	34,505	4,507	815	39,827
Total financial liabilities	326,203	22,400	413,347	761,950
Repricing gap	₱52,934	₱19,715	(₱27,213)	₱45,436

	Parent Company			
	2019			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱88,110**	**₱–**	**₱–**	**₱88,110**
Due from other banks	**8,646**	**–**	**–**	**8,646**
Investment securities	**3,815**	**4,671**	**198,360**	**206,846**
Loans and receivables	**248,190**	**81,756**	**172,984**	**502,930**
Total financial assets	**348,761**	**86,427**	**371,344**	**806,532**
Financial Liabilities				
Deposit liabilities	**288,787**	**16,873**	**382,105**	**687,765**
Bills payable	**18,409**	**14,972**	**–**	**33,381**
Bonds payable	**–**	**7,394**	**30,000**	**37,394**
Total financial liabilities	**307,196**	**39,239**	**412,105**	**758,540**
Repricing gap	**₱41,565**	**₱47,188**	**(₱40,761)**	**₱47,992**

	Parent Company			
	2018			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱95,093	₱–	₱–	₱95,093
Due from other banks	7,838	–	–	7,838
Investment securities	5,782	3,355	169,588	178,725
Loans and receivables	232,067	26,695	182,672	441,434
Total financial assets	340,780	30,050	352,260	723,090
Financial Liabilities				
Deposit liabilities	241,100	14,877	382,266	638,243
Bills payable	34,505	4,507	815	39,827
Total financial liabilities	275,605	19,384	383,081	678,070
Repricing gap	₱65,175	₱10,666	(₱30,821)	₱45,020

The Group monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses to parallel changes in the interest rate curve in a given 12-month period. Interest rate risk exposure is managed through approved limits.

The following tables set forth the estimated change in the Group's and Parent Company's annualized net interest income due to a parallel change in the interest rate curve as of December 31, 2019 and 2018:

	Consolidated			
	2019			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱796**	**₱398**	**(₱398)**	**(₱796)**
As a percentage of the Group's net interest income for the year ended December 31, 2019	**2.95%**	**1.48%**	**(1.48%)**	**(2.95%)**

	Consolidated			
	2018			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱645	₱322	(₱322)	(₱645)
As a percentage of the Group's net interest income for the year ended December 31, 2018	2.80%	1.40%	(1.40%)	(2.80%)

	Parent Company			
	2019			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱770**	**₱385**	**(₱385)**	**(₱770)**
As a percentage of the Parent Company's net interest income for the year ended December 31, 2019	**3.25%**	**1.63%%**	**(1.63%)**	**(3.25%)**

	Parent Company			
	2018			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱996	₱498	(₱498)	(₱996)
As a percentage of the Parent Company's net interest income for the year ended December 31, 2018	4.95%	2.48%	(2.48%)	(4.95%)

The following tables set forth the estimated change in the Group's and Parent Company's income before tax and equity due to a reasonably possible change in the market prices of quoted bonds classified under financial assets at FVPL and financial assets at FVOCI, brought about by movement in the interest rate curve as of December 31, 2019 and 2018 (in millions):

	Consolidated			
	2019			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱183)**	**(₱73)**	**₱73**	**₱183**
Change in equity	**(369)**	**(148)**	**148**	**369**

	Consolidated			
	2018			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱51)	(₱20)	₱20	₱51
Change in equity	(113)	(45)	45	113

	Parent Company			
	2019			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱183)**	**(₱73)**	**₱73**	**₱183**
Change in equity	**(356)**	**(142)**	**142**	**356**

	Parent Company			
	2018			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱51)	(₱20)	₱20	₱51
Change in equity	(103)	(41)	41	103

Foreign Currency Risk

The Group's foreign exchange risk originates from its holdings of foreign currency-denominated assets (foreign exchange assets) and foreign currency-denominated liabilities (foreign exchange liabilities).

Foreign exchange liabilities generally consist of foreign currency-denominated deposits in the Group's FCDU account made in the Philippines or generated from remittances to the Philippines by persons overseas who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Group.

Foreign currency liabilities are generally used to fund the Group's foreign exchange assets which generally consist of foreign currency-denominated loans and investments in the FCDU. Banks are required by the BSP to match the foreign currency-denominated assets with liabilities held in the FCDU that are denominated in the same foreign currency. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency-denominated liabilities held in the FCDU.

The Group's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Group believes in ensuring its foreign currency is at all times within limits prescribed for financial institutions who are engaged in the same types of businesses in which the Group and its subsidiaries are engaged.

The table below summarizes the Group's and Parent Company's exposure to foreign exchange risk. Included in the table are the Group's and Parent Company's assets and liabilities at carrying amounts (stated in US Dollars), categorized by currency with its PHP equivalent:

	Consolidated							
	2019				2018			
	USD	**Other Currencies***	**Total**	**PHP**	USD	Other Currencies*	Total	PHP
Assets								
Cash and other cash items	**$2,258**	**2,377**	**4,635**	**₱234,704**	$2,204	2,095	4,299	₱226,044
Due from other banks	**118,692**	**4,983**	**123,675**	**6,262,264**	42,189	7,705	49,894	2,623,437
Financial assets at FVPL	**15,396**	**34,582**	**49,978**	**2,530,668**	15,988	–	15,988	840,625
Financial assets at FVOCI	**13,543**	**2,284**	**15,827**	**801,358**	14,640	–	14,640	769,771
Investment securities at amortized cost	**25,838**	–	**25,838**	**1,308,285**	116,716	–	116,716	6,136,946
Loans and receivables	**31,901**	**39,692**	**71,593**	**3,625,127**	42,471	12,985	55,456	2,915,835
Accrued interest receivable	**654**	**287**	**941**	**47,644**	1,038	19	1,057	55,562
Other assets	**1,156**	**2**	**1,158**	**58,661**	753	18	771	40,523
	$209,438	**84,207**	**293,645**	**₱14,868,711**	$235,999	22,822	258,821	₱13,608,743
Liabilities								
Deposit liabilities	**64,221**	**32,506**	**96,727**	**4,897,774**	66,162	109,191	175,353	9,220,065
Bills payables	**388,225**	**62,731**	**450,956**	**22,834,146**	354,416	57,130	411,546	21,639,069
Accrued interest and other expenses	**2,227**	**1**	**2,228**	**112,788**	1,554	7	1,561	82,090
Other liabilities	**7,790**	**793**	**8,583**	**434,593**	8,710	1,466	10,176	535,013
	462,463	**96,031**	**558,494**	**28,279,301**	430,842	167,794	598,636	31,476,237
Currency spot	**(21,103)**	**103**	**(21,000)**	**(1,063,314)**	(6,789)	(316)	(7,105)	(373,621)
Currency forwards	**284,866**	**32,397**	**317,263**	**16,064,529**	185,313	145,250	330,563	17,380,980
Net Exposure	**$10,738**	**20,676**	**31,414**	**₱1,590,625**	($16,319)	(38)	(16,357)	(₱860,135)

**Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD.*

	Parent Company							
	2019				2018			
	USD	**Other Currencies***	**Total**	**PHP**	USD	Other Currencies*	Total	PHP
Assets								
Cash and other cash items	**$148**	**2,377**	**2,525**	**₱127,857**	$123	2,095	2,218	₱116,611
Due from other banks	**98,334**	**4,983**	**103,317**	**5,231,428**	38,240	7,705	45,945	2,415,755
Financial assets at FVPL	**15,396**	**34,582**	**49,978**	**2,530,668**	15,988	–	15,988	840,625
Financial assets at FVOCI	–	**2,284**	**2,284**	**115,629**	–	–	–	–
Investment securities at amortized cost	–	–	–	–	69,961	–	69,961	3,678,571
Loans and receivables	**24,445**	**39,692**	**64,137**	**3,247,606**	35,151	12,985	48,136	2,530,985
Accrued interest receivable	**103**	**287**	**390**	**19,737**	75	19	94	4,967
Other assets	**1,137**	**2**	**1,139**	**57,691**	560	18	578	30,411
	$139,563	**84,207**	**223,770**	**₱11,330,616**	$160,098	22,822	182,920	₱9,617,925
Liabilities								
Deposit liabilities	**140**	**32,506**	**32,646**	**1,653,048**	402	109,191	109,593	5,762,373
Bills payables	**388,225**	**62,731**	**450,956**	**22,834,146**	354,416	57,130	411,546	21,639,069
Accrued interest and other expenses	**2,126**	**1**	**2,127**	**107,687**	1,433	7	1,440	75,729
Other liabilities	**7,597**	**793**	**8,390**	**424,785**	8,611	1,466	10,077	529,836
	398,088	**96,031**	**494,119**	**25,019,666**	364,862	167,794	532,656	28,007,007
Currency spot	**(21,103)**	**103**	**(21,000)**	**(1,063,314)**	(6,789)	(316)	(7,105)	(373,621)
Currency forwards	**284,866**	**32,397**	**317,263**	**16,064,529**	185,313	145,250	330,563	17,380,980
Net Exposure	**$5,238**	**20,676**	**25,914**	**₱1,312,165**	($26,240)	(38)	(26,278)	(₱1,381,723)

**Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD.*

The following table sets forth, for the period indicated, the impact of the range of reasonably possible changes in the US$ exchange rate and other currencies per Philippine peso on the pre-tax income and equity (in millions).

	Consolidated		
	Change in Foreign Exchange Rate	**Sensitivity of Pretax Income**	**Sensitivity of Equity**
2019			
USD	**2%**	**₱126**	**₱238**
Other	**1%**	**–**	**1**
USD	**(2%)**	**(126)**	**(238)**
Other	**(1%)**	**–**	**(1)**
2018			
USD	2%	₱33	₱110
Other	1%	–	–
USD	(2%)	(33)	(110)
Other	(1%)	–	–

	Parent Company		
	Change in Foreign Exchange Rate	**Sensitivity of Pretax Income**	**Sensitivity of Equity**
2019			
USD	**2%**	**₱126**	**₱225**
Other	**1%**	**–**	**1**
USD	**(2%)**	**(126)**	**(225)**
Other	**(1%)**	**–**	**(1)**
2018			
USD	2%	₱33	₱95
Other	1%	–	–
USD	(2%)	(33)	(95)
Other	(1%)	–	–

The impact in pre–tax income and equity is due to the effect of foreign currency behaviour to Philippine peso.

Equity Price Risk
Equity price risk is the risk that the fair values of equities change as a result of movements in both the level of equity indices and the value of individual stocks. The non−trading equity price risk exposure arises from the Group's investment portfolio.

The effect on the Group and Parent Company's equity as a result of a change in the fair value of equity instruments held as FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (in millions):

	Consolidated	
	Change in equity index	Effect on Equity
2019	**+10%**	**₱9.7**
	−10%	**(0.3)**
2018	+10%	6.8
	−10%	1.2

	Parent Company	
	Change in equity index	Effect on Equity
2019	**+10%**	**₱10.0**
	−10%	**(2.5)**
2018	+10%	7.7
	−10%	0.2

Liquidity Risk and Funding Management
Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Parent Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The Parent Company's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Parent Company's business operations or unanticipated events created by customer behavior or capital market conditions. The Parent Company seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed of deposits reserves and high quality securities, the securing of money market lines, and the maintenance of repurchase facilities to address any unexpected liquiditysituations.

The tables below show the maturity profile of the Parent Company's assets and liabilities, based on contractual undiscounted cash flows (in millions):

	December 31, 2019					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Financial Assets						
Cash and other cash items	₱14,857	₱–	₱–	₱–	₱–	**₱14,857**
Due from BSP	88,110	–	–	–	–	**88,110**
Due from other banks	8,646	–	–	–	–	**8,646**
SPURA	–	10,028	–	–	–	**10,028**
Financial assets at FVPL	–	1,971	1,795	3,564	15,642	**22,972**
Financial assets at FVOCI	–	993	4,517	523	26,443	**32,476**
Loans and receivables	–	144,745	25,030	45,970	337,036	**552,781**
	111,613	**157,737**	**31,342**	**50,057**	**379,121**	**729,870**
(Forward)						

	December 31, 2019					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Financial Liabilities						
Deposit liabilities						
Demand	₱170,280	₱–	₱–	₱–	₱–	**₱170,280**
Savings	210,191	–	–	–	–	**210,191**
Time	–	308,305	253	6	4	**308,568**
Bills payable	–	33,381	–	–	–	**33,381**
Manager's checks	–	1,536	–	–	–	**1,536**
Accrued interest and other expenses	–	3,600	–	–	–	**3,600**
Derivative liabilities	–	1,036	–	–	–	**1,036**
Bonds payable	–	29,828	–	–	7,566	**37,394**
Other liabilities:						
Lease payable	–	543	–	1,899	714	**3,156**
Accounts payable	–	2,179	–	–	–	**2,179**
Acceptances payable	–	413	–	–	–	**413**
Due to PDIC	–	692	–	–	–	**692**
Margin deposits	–	6	–	–	–	**6**
Other credits − dormant	–	447	–	–	–	**447**
Due to the Treasurer of the Philippines	–	417	–	–	–	**417**
Miscellaneous	–	323	–	–	–	**323**
Total liabilities	**380,471**	**382,706**	**253**	**1,905**	**8,284**	**773,618**
Net Position	**(₱268,858)**	**(₱225,969)**	**₱31,089**	**₱48,152**	**₱370,838**	**(₱43,747)**

	December 31, 2018					
	On demand	Less than 1 year	1	2 to 3 years	3 to 5 years	Total
Financial Assets						
Cash and other cash items	₱13,705	₱–	₱–	₱–	₱–	₱13,705
Due from BSP	95,093	–	–	–	–	95,093
Due from other banks	7,838	–	–	–	–	7,838
SPURA	–	8,998	–	–	–	8,998
Financial assets at FVPL	–	1,700	378	1,079	4,296	7,453
Financial assets at FVOCI	–	1,382	389	3,258	4,502	9,531
Loans and receivables	–	166,040	30,097	45,970	337,036	579,143
	₱116,636	₱178,120	₱30,864	₱50,307	₱345,834	₱721,761
Financial Liabilities						
Deposit liabilities						
Demand	145,560	–	–	–	–	145,560
Savings	226,944	–	–	–	–	226,944
Time	–	235,885	4,764	16,552	16,102	273,303
Bills payable	–	40,108	–	–	–	40,108
Manager's checks	–	2,070	–	–	–	2,070
Accrued interest and other expenses	–	3,279	–	–	–	3,279
Derivative liabilities	–	455	–	–	–	455
Other liabilities:						
Accounts payable	–	2,249	–	–	–	2,249
Acceptances payable	–	358	–	–	–	358
Due to PDIC	–	628	–	–	–	628
Margin deposits	–	3	–	–	–	3
Other credits − dormant	–	242	–	–	–	242
Due to the Treasurer of the Philippines	–	379	–	–	–	379
Miscellaneous	–	1,922	–	–	–	1,922
Total liabilities	₱372,504	₱287,578	₱4,764	₱16,552	₱16,102	₱697,500
Net Position	(₱255,868)	(₱109,458)	₱26,100	₱33,755	₱329,732	₱24,261

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the MCO report, as well as an analysis of available liquid assets. Instead of relying solely on contractual maturities profile, the Parent Company uses Behavioral MCO to capture a going concern view. Furthermore, internal liquidity ratios and monitoring of large fund providers have been set to determine sufficiency of liquid assets over deposit liabilities. The Bank started monitoring and reporting to the BSP the Liquidity Coverage Ratio in 2017 and the Net Stable Funding

Ratio in 2019. Liquidity is managed by the Parent and its subsidiaries on a daily basis, while scenario stress tests and sensitivity analysis are conducted periodically.

7. Due From BSP and Other Banks

Due from BSP
This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Demand deposit account (Note 17)	**₱92,674,383**	₱99,889,758	**₱80,609,635**	₱93,092,929
Special deposit account	**7,500,000**	2,000,000	**7,500,000**	2,000,000
Others	**15**	15	**15**	15
	₱100,174,398	₱101,889,773	**₱88,109,650**	₱95,092,944

Due from Other Banks
This comprises of deposit accounts with:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Local banks	**₱3,067,833**	₱5,284,825	**₱2,224,644**	₱4,140,002
Foreign banks	**6,832,809**	4,170,622	**6,420,903**	3,697,892
	₱9,900,642	₱9,455,447	**₱8,645,547**	₱7,837,894

Interest Income on Due from BSP and Other Banks

This account consists of:

	Consolidated			**Parent Company**		
	2019	2018	2017	**2019**	2018	2017
Due from BSP	**₱884,009**	₱124,557	₱213,879	**₱539,713**	₱67,039	₱112,851
Due from other banks	**229,197**	135,818	138,850	**162,709**	101,994	50,296
	₱1,113,206	₱260,375	₱352,729	**₱702,422**	₱169,033	₱163,147

8. Interbank Loans Receivable and Securities Purchased Under Resale Agreement

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Interbank loans receivable	**₱4,580,316**	₱1,998,040	**₱4,580,316**	₱1,998,040
SPURA	**12,456,144**	10,000,000	**5,447,293**	7,000,000
	₱17,036,460	₱11,998,040	**₱10,027,609**	₱8,998,040

Interbank Loans Receivable
As of December 31, 2019 and 2018, interbank loans receivable consists of short-term foreign currency-denominated loans granted to other banks with annual interest rates ranging from 1.9% to 2.1% and 2.2%, respectively.

Securities Purchased Under Resale Agreement
This account represents overnight placements with the BSP where the underlying securities cannot be sold or repledged to parties other than the BSP.

In 2019, 2018 and 2017, the interest rates of SPURA equals to 4.00%, 4.75%, and 3.50%, respectively, for the Group and Parent Company.

9. Trading and Investment Securities

Financial Assets at FVPL
This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Held for trading				
Government bonds (Note 28)	**₱8,451,126**	₱633,893	**₱8,451,126**	₱633,893
Treasury notes	**2,386,226**	838,662	**2,386,226**	838,662
Treasury bills	**1,378,137**	1,214,170	**1,378,137**	1,214,170
Private bonds	**4,372,734**	3,189,063	**4,372,734**	2,282,598
Quoted equity shares	**1,243,938**	1,312,625	**1,187,928**	1,312,625
	17,832,161	7,188,413	**17,776,151**	6,281,948
Derivative assets (Note 25)	**667,950**	407,848	**667,950**	407,848
Total	**₱18,500,111**	₱7,596,261	**₱18,444,101**	₱6,689,796

As of December 31, 2019 and 2018, HFT securities include fair value loss of ₱22.14 million and ₱55.35 million, respectively, for the Group and Parent Company.

Effective interest rates for peso−denominated financial assets at FVPL for both the Group and the Parent Company range from 1.41% to 7.26% in 2019 and from 0.06% to 7.11% in 2018. Effective interest rates for foreign currency−denominated financial assets at FVPL for the Group range from 0.71% to 5.81% in 2019 and from 0.71% to 6.28% in 2018. Effective interest rates for foreign currency−denominated financial assets at FVTPL for the Parent Company range from 0.71% to 5.81% in 2019 and from 0.71% to 6.28% in 2018.

Financial Assets at FVOCI
This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Quoted				
Government bonds (Notes 18 and 28)	**₱22,540,516**	₱9,944,507	**₱21,052,633**	₱8,141,359
Private bonds	**2,953,271**	35,370	**2,512,588**	1,676
Equities	**621,208**	103,285	**587,043**	51,610
	26,114,995	10,083,162	**24,152,264**	8,194,645
Unquoted				
Equities - net *	**18,365**	18,365	**18,365**	18,365
	18,365	18,365	**18,365**	18,365
Total	**₱26,133,360**	₱10,101,527	**₱24,170,629**	₱8,213,010

Unquoted equity securities
This account comprises of shares of stocks of various unlisted private corporations. The Group has designated these equity securities as at FVOCI because they will not be sold in the foreseeable future.

Net unrealized gains (losses)
Financial assets at FVOCI include fair value gains of ₱417.58 million for the Group and Parent Company as of December 31, 2019 and fair value losses of ₱702.51 million for the Group and Parent Company as of December 31, 2018. The fair value gains or losses are recognized under OCI. Impairment loss on debt financial assets at FVOCI of the Group and the Parent Company amounted to ₱18.52 million and ₱18.47 million in 2019, respectively and ₱9.82 million for the Parent Company in 2018.

Effective interest rates for peso−denominated financial assets at FVOCI for both the Group and Parent Company range from 3.94% to 6.87% in 2019, from 4.25% to 5.58% in 2018 and 2.95% to 8.92% in 2017.

Effective interest rates for foreign currency−denominated financial assets at FVOCI for both the Group and Parent Company range from 0.83% to 5.65% in 2019, from 2.33% to 8.48% in 2018 and from 0.99% to 5.75% in 2017.

Investment Securities at Amortized Cost
This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Government bonds (Note 18)	**₱108,061,363**	₱107,986,234	**₱105,602,176**	₱101,388,184
Private bonds	**52,381,323**	55,122,532	**51,112,073**	53,291,150
	160,442,686	163,108,766	**156,714,249**	154,679,334
Unamortized premium − net	**8,848,025**	9,803,371	**8,600,024**	9,360,070
Allowance	**(1,087,983)**	(375,101)	**(1,082,690)**	(214,938)
	₱168,202,728	₱172,537,036	**₱164,231,583**	₱163,824,466

Effective interest rates for peso−denominated investment securities at amortized cost for the Group range from 1.06% to 8.92% in 2019, 1.06% to 8.92% in 2018, and from 2.82% to 7.75% in 2017. Effective interest rates for foreign currency−denominated investment securities at amortized cost range from 1.82% to 6.97% in 2019, 0.58% to 7.37% in 2018, and from 8.50% to 8.93% in 2017.

Sale of Investment Securities at Amortized Cost
The Group and the Parent Company sold the following investment securities at amortized cost in 2019 (figures in ₱ millions):

	Group		Parent Company	
Reason for selling	**Carrying amount**	**Gain on sale**	**Carrying amount**	**Gain on sale**
An increase in the financial assets' credit risk due to political uncertainty affecting the sovereign issuer's environment	₱1,169	₱43	₱1,169	₱43
A change in the funding profile of the Parent Company	10,445	1,156	10,445	1,156
A potential breach in the regulatory or internal limits of the Group and the Parent Company	6,275	168	982	86
A highly probable change in regulations with a potentially adverse impact to the financial assets' contractual cash flows	729	14	729	14
Total	**₱18,618**	**₱1,381**	**₱13,325**	**₱1,299**

These disposals in the investment securities at amortized cost are consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed above (see Note 3).

Interest Income on Investment Securities
This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Financial assets at FVOCI	**₱665,379**	**₱596,864**	₱–	**₱600,160**	**₱525,774**	₱–
AFS financial assets	–	–	1,309,755	–	–	1,176,831
Investment securities at amortized cost	**9,162,697**	**5,279,064**	–	**8,762,267**	5,034,083	–
HTM financial assets	–	–	2,246,355	–	–	2,098,194
	₱9,828,076	**₱5,875,928**	₱3,556,110	**₱9,362,427**	₱5,559,857	₱3,275,025

10. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Loans and discounts				
Corporate and commercial lending	**₱459,683,487**	₱411,800,451	**₱434,474,621**	₱381,404,349
Consumer lending	**106,901,801**	87,214,939	**64,748,163**	52,684,530
Trade−related lending	**11,196,919**	13,817,866	**10,902,568**	12,937,606
Others*	**46,830**	56,516	**34,341**	39,761
	577,829,037	512,889,772	**510,159,693**	447,066,246
Unearned discounts	**(349,897)**	(255,536)	**(290,711)**	(208,377)
	577,479,140	512,634,236	**509,868,982**	446,857,869
Allowance for impairment and credit losses (Note 16)	**(8,559,976)**	(6,829,280)	**(6,938,785)**	(5,425,713)
	₱568,919,164	₱505,804,956	**₱502,930,197**	₱441,432,156

*Others include employee loans and foreign bills purchased.

As of December 31, 2019 and 2018, loans of the Parent Company amounting to ₱3.28 billion and ₱5.17 billion, respectively, are rediscounted with the BSP (Note 19).

Information on the amounts of secured and unsecured loans and receivables (gross of unearned discounts and allowance for impairment and credit losses) of the Group and Parent Company are as follows

	Consolidated				**Parent Company**			
	2019		2018		**2019**		2018	
	Amounts	**%**	Amounts	%	**Amounts**	**%**	Amounts	%
Loans secured by								
Real estate	**₱100,722,095**	**17.43**	₱92,960,218	18.12	**₱75,049,610**	**14.71**	₱66,332,530	14.84
Chattel mortgage	**26,294,676**	**4.55**	25,512,590	4.97	**10,602,721**	**2.08**	12,063,924	2.70
Guarantee by the Republic of the Philippines	**4,574,220**	**0.79**	5,746,500	1.12	**4,574,220**	**0.90**	5,746,500	1.29
Deposit hold out	**3,166,911**	**0.55**	3,839,704	0.75	**2,286,342**	**0.45**	3,027,964	0.68
Shares of stock of other banks	**2,345,300**	**0.41**	2,347,650	0.46	**2,345,300**	**0.46**	2,347,650	0.53
Others	**119,011,685**	**20.60**	105,253,810	20.52	**118,675,412**	**23.26**	102,901,498	23.02
	256,114,887	**44.33**	235,660,472	45.95	**213,533,605**	**41.86**	192,420,066	43.04
Unsecured loans	**321,714,150**	**55.67**	277,229,304	54.05	**296,626,089**	**58.14**	254,646,180	56.96
	₱577,829,037	**100.00**	₱512,889,776	100.00	**₱510,159,694**	**100.00**	₱447,066,246	100.00

Information on the concentration of credit as to industry of the Group and Parent Company follows:

	Consolidated			
	2019		2018	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱131,554,263**	**22.77**	₱114,735,281	22.37
Electricity, gas and water	**80,765,270**	**13.98**	72,863,548	14.21
Wholesale and retail trade	**59,338,753**	**10.27**	55,339,970	10.79
Transportation, storage and communication	**57,770,004**	**10.00**	50,516,030	9.85
Financial intermediaries	**63,584,082**	**11.00**	49,687,486	9.69
Manufacturing	**32,405,226**	**5.61**	28,277,954	5.51
Arts, entertainment and recreation	**17,899,693**	**3.10**	25,456,962	4.96
Accommodation and food service activities	**12,818,682**	**2.22**	12,218,029	2.38
Construction	**13,131,855**	**2.27**	11,287,124	2.20
Mining and quarrying	**9,995,905**	**1.73**	9,839,723	1.92
Agriculture	**6,636,029**	**1.15**	7,134,717	1.39
Education	**6,321,842**	**1.09**	5,717,621	1.11
Public administration and defense	**4,100,000**	**0.71**	5,166,000	1.01
Professional, scientific and technical activities	**771,566**	**0.13**	4,319,666	0.84
Others*	**80,735,867**	**13.98**	60,329,660	11.26
	₱577,829,037	**100.00**	₱512,889,771	100.00

*Others consist of administrative and support service, health, household and other activities.

	Parent Company			
	2019		2018	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱108,067,826**	**21.18**	₱90,654,316	20.28
Electricity, gas and water	**78,802,898**	**15.45**	70,798,136	11.04
Financial intermediaries	**62,178,902**	**12.19**	48,096,511	10.76
Wholesale and retail trade	**55,222,983**	**10.82**	49,365,453	11.04
Transportation, storage and communication	**55,429,738**	**10.86**	47,756,466	10.68
Manufacturing	**29,757,318**	**5.83**	25,115,956	5.62
Arts, entertainment and recreation	**17,799,562**	**3.49**	25,318,150	5.66
Accommodation and food service activities	**11,591,121**	**2.27**	10,563,067	2.36
Construction	**11,985,485**	**2.35**	9,965,323	2.23
Mining and quarrying	**9,991,633**	**1.96**	9,835,453	2.20
Agriculture	**5,076,970**	**1.00**	5,321,124	1.19
Public administration and defense	**4,100,000**	**0.80**	5,166,000	1.16
Education	**5,667,447**	**1.11**	4,872,451	1.09
Professional, scientific and technical activities	**685,031**	**0.13**	4,221,842	0.94
Others*	**53,806,348**	**10.55**	40,015,998	8.95
	₱510,163,262	**100.00**	₱447,066,246	100.00

*Others consist of administrative and support service, health, household and other activities.

As of December 31, 2019 and 2018, the Parent Company does not have credit concentration in any particular industry.

Interest Income on Loans and Receivables

This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Receivables from customers	**₱36,051,051**	₱28,195,915	₱21,663,571	**₱30,824,138**	₱23,488,872	₱17,455,018
Unquoted debt securities	–	–	88,076	–	–	81,999
	₱36,051,051	₱28,195,915	₱21,751,647	**₱30,824,138**	₱23,488,872	₱17,537,017

As of December 31, 2019 and 2018, 72.55% and 67.40%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2019 and 2018, 75.54% and 71.76%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.66% to 10.50% in 2019, from 1.65% to 10.50% in 2018, and from 2.08% to 10.50% in 2017 for foreign currency−denominated receivables and from 0.95% to 30.00% in 2019 and from 0.95% to 30.00% in 2018, and from 0.95% to 30.00% in 2017 for peso−denominated receivables.

11. Equity Investments

This account consists of investments in:

A. Subsidiaries

	2019	2018
Equity Method:		
Balance at beginning of the year		
CBSI	**₱12,117,074**	₱11,618,713
CBCC	**1,846,455**	1,512,899
CBC−PCCI	**42,739**	27,905
CIBI	**327,299**	401,215
	14,333,567	13,560,732

(Forward)

	2019	2018
Share in net income		
CBSI	**₱345,165**	₱328,663
CBCC	**350,421**	358,796
CBC−PCCI	**18,061**	14,834
CIBI	**56,981**	(6,938)
	770,628	695,355
Share in Other Comprehensive Income		
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on FVOCI		
CBSI	**143,236**	(25,338)
CBCC	**34,527**	(27,584)
CIBI	**12,732**	(16,978)
	190,495	(69,900)
Cumulative translation adjustments		
CBSI	**17,015**	5,791
	17,015	5,791
Items that do not recycle to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit assets		
CBSI	**(66,609)**	86,299
CBCC	**5,499**	2,344
CIBI	**4,758**	–
	(56,352)	88,643
Realized loss on sale of equity securities at FVOCI	**(76,597)**	(397,055)
	(76,597)	(397,055)
Additional Investments		
CBSI	**363**	500,000
	363	500,000
Cash Dividends		
CBSI	**–**	86,299
CIBI	**(50,000)**	(50,000)
	(50,000)	36,299
Balance at end of the year		
CBSI	**12,479,647**	12,117,074
CBCC	**2,236,902**	1,846,455
CBC−PCCI	**60,800**	42,739
CIBI	**351,769**	327,299
	₱15,129,118	₱14,333,567

B. Associates:

	2019	2018
Equity Method:		
Balance at beginning of the year	**₱335,092**	₱329,422
Share in net income	**184,661**	101,009
Share in OCI:		
Items that do not recycle to profit or loss in subsequent periods		
Remeasurement gain (loss) on life insurance reserves	**(11,021)**	31,374
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on FVOCI	**152,452**	(126,713)
Remeasurement on defined benefit plan	**2,985**	–
Additional investments	**40,000**	–
Balance at end of the year	**₱704,169**	₱335,092

CBSI

Cost of investment includes the original amount incurred by the Parent Company from its acquisitionof CBSI in 2007 amounting to ₱1.07 billion. The capital infusion to CBSI in 2018 amounting to ₱500 million was approved by the Parent Company's BOD on June 6, 2018.

Merger of CBSI with PDB

The BOD of both CBSI and PDB, in their meeting held on June 26, 2014, approved the proposed merger of PDB with CBSI, with the latter as the surviving bank. On November 6, 2015, the BSP issued the Certificate of Authority on the Articles of Merger and the Plan of Merger, as amended, of CBSI and PDB. On December 17, 2015, CBSI obtained SEC's approval of its merger with PDB, whereby the entire assets and liabilities of PDB shall be transferred to and absorbed byCBSI.

Acquisition of PDB

In 2014, the Parent Company made tender offers to non−controlling stockholders of PDB. As of December 31, 2014, the Parent Company owns 99.85% and 100.00% of PDB's outstanding common and preferred stocks, respectively.

As of December 31, 2014, the Parent Company's cost of investment in PDB consists of:

Acquisition of majority of PDB's capital stock	₱1,421,346
Additional capital infusion	1,300,000
Tender offers	255,354
	₱2,976,700

On March 31, 2015, the Parent Company made additional capital infusion to PDB amounting to ₱1.70 billion. Of the total cost of investment, the consideration transferred for the acquisition of PDB follows:

Acquisition of majority of PDB's capital stock	₱1,421,346
Tender offers	255,354
	₱1,676,700

In 2015, the MB of the BSP granted to the Group investment and merger incentives in the form of waiver of special licensing fees for 67 additional branch licenses in restricted areas. This is in addition to the initial investment and merger incentives of 30 new branches in restricted areas and 35 branches to be transferred from unrestricted to restricted areas granted to the Parent Company by the MB in 2014. These branch licenses were granted under the Strengthening Program for Rural Bank (SPRB) Plus Framework.

The branch licenses have the following fair values:

114 Commercial Bank branch licenses	₱2,280,000
18 Thrift Bank branch licenses	270,000
	2,550,000
Deferred tax liability	765,000
	₱1,785,000

On April 6, 2016, the Parent Company's BOD has approved the allocation of the 67 additional branch licenses in restricted areas as follows: 49 to the Parent Company and 18 to CBSI. Pursuant to a memorandum dated March 18, 2017, the 67 branch licenses were awarded as incentives by the Monetary Board as a result of the Parent Company's acquisition of PDB. Goodwill from acquisition of PDB is computed as follows:

Consideration transferred		₱1,676,700
Less: Fair value of identifiable assets and liabilities acquired (Note 15)		
Net liabilities of PDB	(₱725,207)	
Branch licenses, net of deferred tax liability (Note 13)	1,785,000	1,059,793
		₱616,907

CIBI
On October 16, 2019, the BOD declared and approved cash dividend of ₱50 million for stockholders on record as of declaration date, payable on December 19, 2019.

On December 7, 2018, the BOD of CIBI approved the declaration of the cash dividends of ₱50 million from the CIBI's unrestricted retained earnings for Stockholders on record as of December 15, 2018 and payable on December 26, 2018.

CBCC
On April 1, 2015, the BOD approved the investment of the Parent Company in an investment house subsidiary, CBCC, up to the amount of ₱500.00 million, subject to the requirements of relevant regulatory agencies. On April 30, 2015, the BSP approved the request of the Parent Company to invest up to 100% or up to ₱500.00 million common shares in CBCC, subject to certain conditions. On November 27, 2015, the SEC approved the Articles of Incorporation and By–Laws of CBCC. It also granted CBCC the license to operate as an investment house. Actual capital infusion to CBCC amounted to ₱200.00 million and ₱300.00 million in 2016 capital stock of CBCC from ₱500.00 million to ₱2.00 billion to enable CBCC to handle bigger and 2015, respectively.

On January 19, 2017, the BOD of CBCC approved the increase in authorized deals. The approval was ratified by the BOD of the Parent Company on February 1, 2017. On April 27, 2017, the Parent Company paid CBCC ₱500.00 million for additional subscription of 50,000,000 shares.

CBCC acquisition of CBCSec (formerly ATC Securities, Inc.)
On May 19, 2016, the BOD of CBCC approved the acquisition of ATC Securities, Inc. (ATC).

On June 29, 2016, CBCC and the shareholders of ATC (the Original Shareholders) entered into an Agreement for the Purchase of Shares (Agreement), whereby CBCC agreed to buy, and the Original Shareholders agreed to sell, 3,800,000 shares representing 100% of the issued and outstanding shares of ATC.

On July 6, 2017, the SEC approved the change of name from ATC Securities, Inc. to China Bank Securities Corporation.

CBC Assets One (SPC) Inc.
CBC Assets One (SPC) Inc. was incorporated on June 15, 2016 as a wholly–owned special purpose company of CBCC for asset–backed securitization. It has not yet commenced commercial operations.

Investment in Associates
Investment in associates in the consolidated and Parent Company's financial statements pertain to investment in MCB Life and CBC–PCCI's investment in Urban Shelters (accounted for by CBC–PCCI in its financial statements as an investment in an associate). Investment in Urban Shelters is carried at nil amount as of December 31, 2019 and 2018.

MCB Life
On August 2, 2006, the BOD approved the joint project proposal of the Parent Company with Manufacturers Life Insurance Company (Manulife). Under the proposal, the Parent Company will invest in a life insurance company owned by Manulife, and such company will be offering innovative insurance and financial products for health, wealth and education through the Parent Company's branches nationwide. The life insurance company was incorporated as The Pramerica Life Insurance Company Inc. in 1998. The name was changed to Manulife China Bank Life Assurance Corporation on March 23, 2007. The Parent Company acquired 5.00% interest in MCB Life on August 8, 2007. This investment is accounted for as an investment in an associate by virtue of the Bancassurance Alliance Agreement which provides the Parent Company to be represented in MCB Life's BOD and, thus, exercise significant influence over the latter.

The BSP requires the Parent Company to maintain a minimum of 5.00% ownership over MCB Life in order for MCB Life to be allowed to continue distributing its insurance products through the Parent Company's branches.

On September 12, 2014, the BSP approved the request of the Parent Company to raise its capital investment in MCB Life from 5.00% to 40.00% of its authorized capital through purchase of 1.75 million common shares.

On December 5, 2018, the Parent Company's BOD approved the additional capital infusion in the amount of ₱40.00 million in MCB Life. This represents 40% of the ₱100.00 million total capital infusion in MCB Life with the balance of ₱60.00 million to be provided by Manulife Philippines. On top of complying with the higher capital requirements for insurance companies, the additional capital will improve MCB Life's capacity to underwrite more business and enhance its competitive position. On February 22, 2019, the BSP approved the Bank's capital infusion of ₱40.0 million to MCB Life to comply with the capitalization requirement of the Insurance Commission for insurance companies, which was paid on March 21, 2019.

The following tables show the summarized financial information of MCB Life:

	2019	2018
Total assets	**₱39,276,563**	₱34,832,490
Total liabilities	**37,565,561**	34,007,106
Equity	**1,711,002**	825,384

	2019	2018
Revenues	**₱8,628,345**	₱9,176,931
Benefits, claims and operating expenses	**8,104,905**	8,898,029
Income before income tax	**523,441**	278,902
Net income	**483,173**	252,522

Commission income earned by the Group from its bancassurance agreement amounting to ₱303.45 million, ₱357.79 million, ₱360.01 million in 2019, 2018 and 2017, respectively, is included under 'Miscellaneous income' in the statements of income (Note 22).

12. Bank Premises, Furniture, Fixtures and Equipment and Right-of-use Assets

The composition of and movements in this account follow:

Consolidated

	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction−in−Progress	Right-of-use Assets Land (Note 2)	Right-of-use Assets Bldg. (Note 2)	2019 Total
Cost								
Balance at beginning of year	**₱3,218,263**	**₱7,909,078**	**₱1,789,412**	**₱2,189,884**	**₱24,727**	**₱181,451**	**₱3,260,478**	**₱18,573,293**
Additions	**–**	**388,704**	**95,138**	**108,863**	**82,649**	**–**	**247,311**	**922,665**
Disposals/transfers (Note 14)*	**18,732**	**(1,315,540)**	**77,268**	**27,824**	**(47,937)**	**–**	**(1,396)**	**(1,241,049)**
Balance at end of year	**3,236,995**	**6,982,242**	**1,961,818**	**2,326,571**	**59,439**	**181,451**	**3,506,393**	**18,254,909**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**–**	**6,360,109**	**1,063,973**	**1,256,824**	**–**	**–**	**–**	**8,680,906**
Depreciation and amortization	**–**	**581,985**	**108,578**	**233,081**	**–**	**13,556**	**657,228**	**1,594,428**
Disposals/transfers (Note 14)*	**–**	**(1,139,495)**	**(14,911)**	**(22,304)**	**–**	**–**	**1,052**	**(1,175,658)**
Balance at end of year	**–**	**5,802,599**	**1,157,640**	**1,467,601**	**–**	**13,556**	**658,280**	**9,099,676**
Net Book Value at End of Year	**₱3,236,995**	**₱1,179,643**	**₱804,179**	**=858,970**	**₱59,439**	**₱167,895**	**₱2,848,113**	**₱9,155,233**

*Includes transfers from investment properties amounting to =28.90 million.

Consolidated

	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction−in−Progress	2018 Total
Cost						
Balance at beginning of year	₱`3,345,404	₱7,893,528	₱1,941,742	₱1,855,565	₱61,489	₱15,097,728
Additions		631,734	23,978	315,486	86,804	1,058,002
Disposals/transfers*	(127,141)	(616,184)	(176,307)	18,832	(123,565)	(1,024,365)
Balance at end of year	3,218,263	7,909,078	1,789,413	2,189,883	24,728	15,131,365
Accumulated Depreciation and Amortization						
Balance at beginning of year	−	6,079,049	1,103,650	1,038,017	−	8,220,716
Depreciation and amortization	−	704,124	94,836	211,907	−	1,010,867
Disposals/transfers*	−	(423,065)	(134,512)	6,901	−	(550,676)
Balance at end of year	−	6,360,108	1,063,974	1,256,825	−	8,680,907
Allowance for Impairment Losses (Note 16)						
Balance at beginning of year	−	−	1,148	−	−	1,148
Reclassification	−	−	(1,148)	−	−	(1,148)
Balance at end of year	−	−	−	−	−	−
Net Book Value at End of Year	₱3,218,263	₱1,548,970	₱725,439	₱933,058	₱24,728	₱6,450,458

*Includes transfers from investment properties amounting to ₱ 20.13 million.

Parent Company

	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction−in−Progress	Right-of-use Assets Land (Note 2)	Right-of-use Assets Bldg. (Note 2)	2019 Total
Cost								
Balance at beginning of year	**₱2,786,310**	**₱6,628,787**	**₱1,104,030**	**₱1,536,024**	**₱24,727**	**₱181,451**	**₱2,544,985**	**₱14,806,314**
Additions	**-**	**292,340**	**90,988**	**80,222**	**42,494**	–	**185,549**	**691,593**
Disposals/transfers (Note 14)*	**103,395**	**(1,256,060)**	**40,672**	**26,633**	**(47,851)**	–	–	**(1,133,211)**
Balance at end of year	**2,889,705**	**5,665,067**	**1,235,690**	**1,642,879**	**19,370**	**181,451**	**2,730,534**	**14,364,696**
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	**5,381,253**	**580,504**	**852,735**	–	–	–	**6,814,492**
Depreciation and amortization	–	**455,240**	**61,486**	**165,524**	–	**13,556**	**491,975**	**1,187,781**
Disposals/transfers (Note 14)*	–	**(1,087,258)**	**3,610**	**(22,573)**	–	–	–	**(1,106,221)**
Balance at end of year	–	**4,749,235**	**645,600**	**995,686**	–	**13,556**	**491,975**	**6,896,052**
Net Book Value at End of Year	**₱2,889,705**	**₱915,832**	**₱590,090**	**₱647,193**	**₱19,370**	**₱167,895**	**₱2,238,559**	**₱7,468,644**

*Includes transfers from investment properties amounting to ₱28.90 million

Parent Company

	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction−in−Progress	2018 Total
Cost						
Balance at beginning of year	₱2,786,310	₱6,668,301	₱1,085,668	₱1,351,869	₱61,486	₱11,953,634
Additions	−	498,101	16,235	223,957	86,804	825,097
Disposals/transfers*	−	(537,615)	2,127	(39,802)	(123,565)	(698,855)
Balance at end of year	2,786,310	6,628,787	1,104,030	1,536,024	24,725	12,079,876
Accumulated Depreciation and Amortization						
Balance at beginning of year	−	5,189,416	543,875	755,761	−	6,489,052
Depreciation and amortization	−	557,586	36,010	148,934	−	742,530
Disposals/transfers*	−	(365,749)	618	(51,961)	−	(417,092)
Balance at end of year	−	5,381,253	580,503	852,734	−	6,814,490
Net Book Value at End of Year	₱2,786,310	₱1,247,534	₱523,527	₱683,290	₱24,725	₱5,265,386

*Includes transfers from investment properties amounting to ₱20.13 million.

The Group adopted the deemed cost model as of January 1, 2004 and considered the carrying value of the land determined under its previous accounting method (revaluation method) as the deemed cost of the asset as of January 1, 2005. Accordingly, revaluation increment amounting to ₱1.28 billion was closed to surplus (Note 24) in 2011.

As of December 31, 2019 and 2018, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱2.73 billion and ₱3.47 billion, respectively, for the Group and ₱1.99 billion and ₱2.61 billion, respectively, for the Parent Company.

Gain on sale of furniture, fixtures and equipment amounting to ₱1.44 million, ₱1.81 million and ₱2.11 million in 2019, 2018 and 2017, respectively, for the Group and ₱1.44 million, ₱1.60 million and ₱1.69 million in 2019, 2018 and 2017, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 22).

In 2017, depreciation and amortization amounting to ₱932.39 million and ₱877.24 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

13. Investment Properties

The composition of and movements in this account follow:

	Consolidated		
	Land	**Buildings and Improvements**	**2019 Total**
Cost			
Balance at beginning of year	**₱4,285,852**	**₱2,659,748**	**₱6,945,600**
Additions	**405,996**	**445,622**	**851,618**
Disposals/write–off/transfers*	**(1,041,905)**	**(374,652)**	**(1,416,557)**
Balance at end of year	**3,649,943**	**2,730,718**	**6,380,661**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**880,766**	**880,766**
Depreciation and amortization	–	**173,378**	**173,378**
Disposals/write–off/transfers*	–	**(139,679)**	**(139,679)**
Balance at end of year	–	**914,465**	**914,465**
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	**942,559**	**332,673**	**1,275,232**
Disposals/write–off/reclassification*	**(68,196)**	**(11,164)**	**(79,360)**
Reclassification		**(66,861)**	**(66,861)**
Balance at end of year	**874,363**	**254,648**	**1,129,011**
Net Book Value at End of Year	**₱2,775,580**	**₱1,561,605**	**₱4,337,185**

*Includes transfers to bank premises amounting to ₱28.90 million (Note 12).

	Consolidated		
	Land	Buildings and Improvements	2018 Total
Cost			
Balance at beginning of year	₱4,605,061	₱2,646,549	₱7,251,610
Additions	135,099	408,334	543,433
Disposals/write–off/transfers*	(454,309)	(395,136)	(849,445)
Balance at end of year	4,285,851	2,659,747	6,945,598
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	742,071	742,071
Depreciation and amortization	–	170,978	170,978
Disposals/write–off/transfers*	–	(32,285)	(32,285)
Balance at end of year	–	880,764	880,764
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	1,028,013	409,370	1,437,383
Disposals/write–off/reclassification*	(85,454)	(76,697)	(162,151)
Balance at end of year	₱942,559	₱332,673	₱1,275,232
Net Book Value at End of Year	₱3,343,292	₱1,446,310	₱4,789,602

*Includes transfers to bank premises amounting to ₱20.13 million (Note 12).

	Parent Company		
	Land	**Buildings and Improvements**	**2019 Total**
Cost			
Balance at beginning of year	**₱1,420,279**	**₱1,329,938**	**₱2,750,217**
Additions	**174,610**	**315,738**	**490,348**
Disposals/write–off/transfers*	**(66,810)**	**(106,911)**	**(173,721)**
Balance at end of year	**1,528,079**	**1,538,765**	**3,066,844**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**440,455**	**440,455**
Depreciation and amortization	–	**101,933**	**101,933**
Disposals/write–off/transfers*	–	**(87,046)**	**(87,046)**
Balance at end of year	–	**455,342**	**455,342**
Allowance for Impairment Losses (Note 16)			
Balance at beginning and end of year	**919,276**	**201,689**	**1,120,965**
Disposals/write–off/reclassification*	**(6,450)**	–	**(6,450)**
Balance at end of year	**912,826**	**201,689**	**1,114,515**
Net Book Value at End of Year	**₱615,253**	**₱881,734**	**₱1,496,987**

*Includes transfers to bank premises amounting to ₱28.90 (Note 12).

	Parent Company		
	Land	Buildings and Improvements	2018 Total
Cost			
Balance at beginning of year	₱1,859,355	₱1,397,668	₱3,257,023
Additions	135,099	125,671	260,770
Disposals/write–off/transfers*	(574,177)	(193,400)	(767,577)
Balance at end of year	1,420,277	1,329,939	2,750,216
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	500,102	500,102
Depreciation and amortization	–	89,928	89,928
Disposals/write–off/transfers*	–	(149,575)	(149,575)
Balance at end of year	–	440,455	440,455
Allowance for Impairment Losses (Note 16)			
Balance at beginning and end of year	1,004,729	201,689	1,206,418
Disposals/write–off/reclassification*	(85,454)	–	(85,454)
Balance at end of year	919,275	201,689	1,120,964
Net Book Value at End of Year	₱501,002	₱687,795	₱1,188,797

*Includes transfers to bank premises amounting to ₱20.13 million (Note 12).

The Group's investment properties consist entirely of real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the investment property upon foreclosure and the carrying value of the loan is recognized under 'Gain on asset foreclosure and dacion transactions' in the statements of income.

In 2017, depreciation and amortization amounting to ₱191.34 million and ₱104.64 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

In 2019, expense relating to short-term leases amounting to ₱523.71 million and ₱388.83 million for the Group and Parent Company, respectively, are included in the 'Occupancy cost' account. Total cash outflows for leases amount to ₱1.51 billion and ₱1.18 billion for the Group and Parent Company, respectively.

Details of rental income earned and direct operating expenses incurred on investment properties follow:

	Consolidated		
	2019	2018	2017
Rent income on investment properties	**₱38,288**	₱35,323	₱32,499
Direct operating expenses on investment properties generating rent income	**12,952**	1,451	924
Direct operating expenses on investment properties not generating rent income	**55,424**	66,011	52,029

	Parent Company		
	2019	2018	2017
Rent income on investment properties	**₱8,460**	₱10,994	₱8,250
Direct operating expenses on investment properties generating rent income	**12,150**	649	799
Direct operating expenses on investment properties not generating rent income	**20,503**	29,584	33,405

Rent income earned from leasing out investment properties is included under 'Miscellaneous income' in the statements of income (Note 22).

On August 26, 2011, the Parent Company was registered as an Economic Zone Information Technology (IT) Facilities Enterprise with the Philippine Economic Zone Authority (PEZA) to operate and maintain a proposed 17−storey building located inside the CBP−IT Park in Barangays Mabolo, Luz, Hipodromo, Carreta, and Kamputhaw, Cebu City, for lease to PEZA−registered IT enterprises, and to be known as Chinabank Corporate Center. This registration is under PEZA Registration Certificate No. 11−03−F.

Under this registration, the Parent Company is entitled to five percent (5.00%) final tax on gross income earned from locator IT enterprises and related operations in accordance with existing PEZA rules. The Parent Company shall also be exempted from the payment of all national and local taxes in relation to this registered activity.

14. Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the acquisition costs over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

The Group attributed the goodwill arising from its acquisition of CBSI and PDB to factors such as increase in geographical presence and customer base due to the branches acquired. None of the goodwill recognized is expected to be deductible for income tax purposes. CBSI as surviving entity from the merger with PDB, is the identified CGU for this goodwill. The Parent Company's Retail Banking Business (RBB) has been identified as the CGU for impairment testing of the goodwill from its acquisition of CBSI.

As of December 31, 2019 and 2018, amount of goodwill per CGU follows:

	Consolidated	Parent Company
RBB	₱222,841	₱222,841
CBSI	616,907	–
Total	₱839,748	₱222,841

The recoverable amount of the CGUs have been determined based on a value−in−use calculation using cash flow projections from financial budgets approved by senior management covering a five−year period, which do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. Other than loans and deposits growth rates, the significant assumptions, and the most sensitive, used in computing for the recoverable values of the CGUs follow:

	2019		2018	
	RBB	**CBSI**	RBB	CBSI
Discount rate	**6.29%**	**10.19%**	7.12%	9.81%
Long-term growth rate	**1.00%**	**1.00%**	1.00%	1.00%

With regard to the assessment of value−in−use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount as of December 31, 2019 and 2018.

Branch Licenses
Branch licenses of the Group arose from the acquisitions of CBSI, Unity Bank, and PDB. As of December 31, 2019 and 2018, details of branch licenses (gross of allowance for impairment) in the Group's and Parent Company's financial statements follow:

	Consolidated	Parent Company
Branch license from CBSI acquisition	**₱420,600**	**₱398,000**
Branch license from Unity Bank acquisition	**347,400**	**–**
Branch license from PDB acquisition*	**2,839,500**	**–**
Total	**₱3,607,500**	**₱398,000**

**mostly attributable to the Parent Company*

The calculation of the value–in–use of the CGU is most sensitive to the following assumptions:

- Discount rates
- Long-term growth rate used to extrapolate cash flows beyond the budget period

As of December 31, 2019, the Group provided allowance for probable losses amounting to ₱160 million related to certain branch licenses granted by the BSP in restricted areas arising from the acquisition of CBSI.

Capitalized software costs

The movements in the account follow:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Cost				
Balance at beginning of year	**₱1,000,739**	₱714,230	**₱895,105**	₱591,256
Additions	**96,460**	144,123	**79,070**	154,055
Disposals/Write-off/Reclass (Note 12)	**794,174**	142,386	**811,256**	149,794
Balance at end of year	**1,891,373**	1,000,739	**₱1,785,431**	895,105
Accumulated Depreciation and Amortization				
Balance at beginning of year	**407,277**	217,697	**377,574**	188,395
Depreciation and amortization	**174,855**	115,840	**173,378**	115,450
Disposals/Write-off/Reclass (Note 12)	**686,563**	73,740	**686,563**	73,729
Balance at end of year	**1,268,695**	407,277	**1,237,514**	377,574
Net Book Value at End of Year	**₱622,678**	593,462	**₱547,917**	₱517,531

15. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Financial assets				
Accounts receivable	**₱2,394,849**	₱2,595,023	**₱1,464,942**	₱1,480,760
SCR	**1,162,106**	1,121,035	**235,049**	224,035
RCOCI	**424,364**	129,142	**342,018**	117,227
Others	**966,441**	491,475	**330,363**	175,540
	4,947,760	4,336,675	**2,372,372**	1,997,562
Nonfinancial assets				
Net plan assets (Note 25)	**543,471**	777,827	**499,711**	756,160
Prepaid expenses	**338,754**	246,053	**303,794**	208,632
Creditable withholding taxes	**544,634**	338,618	**476,107**	338,618
Security deposit	**268,602**	272,541	**189,277**	193,216
Documentary stamps	**198,093**	215,696	**157,020**	149,078
Sundry debits	**278,761**	358,051	**278,761**	166,951
Miscellaneous	**332,751**	433,502	–	–
	2,505,066	2,642,288	**1,904,670**	1,812,655
	7,452,826	6,978,963	**4,277,042**	3,810,217
Allowance for impairment and credit losses (Note 16)	**(565,319)**	(759,404)	**(294,913)**	(477,454)
	₱6,887,507	₱6,219,559	**₱3,982,129**	₱3,332,763

Accounts receivable
Accounts receivable also includes non‒interest bearing advances to officers and employees, with terms ranging from 1 to 30 days and receivables of the Parent Company from automated teller machine (ATM) transactions of clients of other banks that transacted through any of the Parent Company's ATM terminals.

Sales Contract Receivable
This refers to the amortized cost of assets acquired in settlement of loans through foreclosure or dation in payment and subsequently sold on installment basis whereby the title to the said property is transferred to the buyers only upon full payment of the agreed sellingprice.

SCR bears fixed interest rate per annum in 2019 and 2018 ranging from 5% to 10.25% and 5.00% to 10.00%, respectively.

Miscellaneous
Miscellaneous consists mainly of unissued stationery and supplies, inter‒office float items, and deposits for various services.

16. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses are as follows:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Balances at beginning of year				
Loans and receivables	**₱6,829,280**	₱8,121,175	**₱5,425,713**	₱6,500,542
Investment properties	**1,275,232**	1,437,383	**1,120,965**	1,206,418
Accrued interest receivable	**303,555**	201,647	**45,247**	58,269
Financial Assets at FVOCI	**(4,023)**	128,171	–	6,323
Investment securities at amortized cost	**375,102**	–	**214,938**	83,618
Bank premises, furniture, fixtures and equipment	–	1,148	–	–
Other assets	**772,004**	781,424	**477,454**	540,960
	9,551,150	10,670,948	**7,284,317**	8,396,130
Provisions charged to operations	**2,570,168**	141,076	**2,205,062**	(1,957)
Accounts charged off and others	**(305,722)**	(1,260,874)	**(746)**	(1,109,856)
	2,264,446	(1,119,798)	**2,204,316**	(1,111,813)
Balances at end of year				
Loans and receivables (Note 10)	**8,559,976**	6,829,280	**6,938,785**	5,425,713
Investment properties (Note 13)	**1,129,012**	1,275,232	**1,114,514**	1,120,965
Accrued interest receivable	**275,888**	303,555	**39,261**	45,247
Financial Assets at FVPL	**6,297**	–	–	–
Financial Assets at FVOCI (Note 9)	**18,521**	(4,023)	**18,471**	–
Investment securities at amortized cost	**1,087,983**	375,102	**1,082,690**	214,938
Intangible assets	**172,600**	–	–	–
Other assets (Note 15)	**565,319**	772,004	**294,912**	477,454
	₱11,815,596	₱9,551,150	**₱9,488,633**	₱7,284,317

At the current level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance to cover any losses that may be incurred from the non−collection or non−realization of its loans and receivables and other risk assets.

The separate valuation allowance of acquired loans and receivables from PDB amounting to ₱1.59 billion was not recognized by the Group on the effectivity date of acquisition as these receivables were measured at fair value at acquisition date. Any uncertainties about future cash flows of these receivables were included in their fair value measurement (Note 11). Also, the separate valuation allowance of acquired investment properties from PDB amounting to ₱199.15 million was not recognized by the Group on the effectivity date of acquisition as these properties were measured at fair value on acquisition date.

The tables below illustrate the movements of the allowance for impairment and credit losses during the year (effect of movements in ECL due to transfers between stages are shown in the total column):

	Consolidated			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	**2,775,127**	**983,660**	**1,590,107**	**5,348,894**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(52,828)	117,697	-	64,869
Transfer from Stage 1 to Stage 3	(1,359)	-	128,216	126,857
Transfer from Stage 2 to Stage 1	161,584	(806,673)	-	(645,089)
Transfer from Stage 2 to Stage 3	-	(35,349)	466,611	431,262
Transfer from Stage 3 to Stage 1	11,821	-	(18,807)	(6,986)
Transfer from Stage 3 to Stage 2	-	207	(207)	-

(Forward)

Corporate and commercial lending	Stage 1	Stage 2	Stage 3	Total
	Consolidated			
	ECL Staging			
	12-month ECL	Lifetime ECL	Lifetime ECL	
New financial assets originated *	1,653,940	153,502	654,294	2,461,736
Changes in PDs/LGDs/EADs	(173,129)	119,883	518,155	464,909
Financial assets derecognized during the period	(968,397)	(39,618)	(205,387)	(1,213,402)
Fx and other movements	17,673	20	12,192	29,885
Total net P&L charge during the period	**649,305**	**(490,331)**	**1,555,067**	**1,714,041**
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	(17,716)	(17)	(127,758)	(145,491)
Total movements without P&L impact	**(17,716)**	**(17)**	**(127,758)**	**(145,491)**
Loss allowance at December 31, 2019	**3,406,716**	**493,312**	**3,017,416**	**6,917,444**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Stage 1	Stage 2	Stage 3	Total
	Consolidated			
	ECL Staging			
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	**223,382**	**16,576**	**1,141,577**	**1,381,535**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(5,909)	11,613	-	5,704
Transfer from Stage 1 to Stage 3	(3,345)	-	74,421	71,076
Transfer from Stage 2 to Stage 1	2,134	(2,300)	-	(166)
Transfer from Stage 2 to Stage 3	-	(7,011)	17,168	10,157
Transfer from Stage 3 to Stage 1	12,565	-	(32,749)	(20,184)
Transfer from Stage 3 to Stage 2	-	3,004	(10,610)	(7,606)
New financial assets originated*	80,141	8,549	102,033	190,723
Changes in PDs/LGDs/EADs	(59,675)	4,088	(127,824)	(183,411)
Financial assets derecognized during the period	(22,734)	(3,584)	(86,203)	(112,521)
Fx and other movements	(15)	-	2,016	2,001
Total net P&L charge during the period	**3,162**	**14,359**	**(61,748)**	**(44,227)**
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	-	-	(31,668)	(31,668)
Total movements without P&L impact	**-**	**-**	**(31,668)**	**(31,668)**
Loss allowance at December 31, 2019	**226,544**	**30,935**	**1,048,161**	**1,305,640**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Stage 1	Stage 2	Stage 3	Total
	Consolidated			
	ECL Staging			
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	**53,678**	**25,774**	**19,400**	**98,852**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(14)	88	-	74
Transfer from Stage 1 to Stage 3	(242)	-	46,387	46,145
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated*	127,018	341	141,229	268,588
Changes in PDs/LGDs/EADs	17	-	(1)	16
Financial assets derecognized during the period	(53,384)	(25,774)	-	(79,158)
Fx and other movements	297	-	-	297
Total net P&L charge during the period	**73,692**	**(25,345)**	**187,615**	**235,962**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(297)	-	-	(297)
Total movements without P&L impact	**(297)**	**-**	**-**	**(297)**
Loss allowance at December 31, 2019	**127,073**	**429**	**207,015**	**334,517**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments measured at Amortized Cost	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2019	**208,949**	**14,317**	**151,836**	**375,102**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(12,351)	697,085	-	684,734
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	29	(486)	-	(457)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased*	14,762	101,535	-	116,297
Changes in PDs/LGDs/EADs	78,542	4,099	-	82,641
Financial assets derecognized during the period	(18,712)	(4,722)	(151,836)	(175,270)
Fx and other movements	23,248	1,681	-	24,929
Total net P&L charge during the period	**85,518**	**799,192**	**(151,836)**	**732,874**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(18,379)	(1,681)	-	(20,060)
Total movements without P&L impact	**(18,379)**	**(1,681)**	**-**	**(20,060)**
Loss allowance at December 31, 2019	**276,088**	**811,828**	**-**	**1,087,916**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Investments measured at FVOCI (Debt)	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2019	**3,496**	**2**	**-**	**3,498**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	19	(2)	-	17
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased*	9,688	-	-	9,688
Changes in PDs/LGDs/EADs	(96)	-	-	(96)
Financial assets derecognized during the period	(909)	-	-	(909)
Fx and other movements	1,637	-	-	1,637
Total net P&L charge during the period	**10,339**	**(2)**	**-**	**10,337**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(1,637)	-	-	(1,637)
Total movements without P&L impact	**(1,637)**	**-**	**-**	**(1,637)**
Loss allowance at December 31, 2019	**12,198**	**-**	**-**	**12,198**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Corporate and commercial lending	Parent ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2019	**2,646,168**	**961,778**	**909,762**	**4,517,708**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(51,341)**	**116,210**	–	**64,869**
Transfer from Stage 1 to Stage 3	**(862)**	–	**127,719**	**126,857**
Transfer from Stage 2 to Stage 1	**161,245**	**(806,334)**	–	**(645,089)**
Transfer from Stage 2 to Stage 3	–	**(33,631)**	**464,893**	**431,262**
Transfer from Stage 3 to Stage 1	10	–	**(6,996)**	**(6,986)**
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	**1,625,381**	**153,094**	**633,358**	**2,411,833**
Changes in PDs/LGDs/EADs	**(161,930)**	**116,189**	**(9,589)**	**(55,330)**

(Forward)

Corporate and commercial lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial assets derecognized during the period	**(901,968)**	**(21,640)**	**(64,352)**	**(987,960)**
Fx and other movements	**17,673**	**17**	**12,193**	**29,883**
Total net P&L charge during the period	**688,208**	**(476,095)**	**1,157,226**	**1,369,339**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**(17,716)**	**(17)**	**(127,758)**	**(145,491)**
Total movements without P&L impact	**(17,716)**	**(17)**	**(127,758)**	**(145,491)**
Loss allowance at December 31, 2019	**3,316,660**	**485,666**	**1,939,230**	**5,741,556**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	**94,166**	**5,721**	**714,022**	**813,909**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,968)**	**7,672**	–	**5,704**
Transfer from Stage 1 to Stage 3	**(2,068)**	–	**73,144**	**71,076**
Transfer from Stage 2 to Stage 1	**599**	**(765)**	–	**(166)**
Transfer from Stage 2 to Stage 3	–	**(621)**	**10,778**	**10,157**
Transfer from Stage 3 to Stage 1	**192**	–	**(20,376)**	**(20,184)**
Transfer from Stage 3 to Stage 2	–	**94**	**(7,700)**	**(7,606)**
New financial assets originated*	**67,474**	**2,365**	**83,338**	**153,177**
Changes in PDs/LGDs/EADs	**(3,877)**	**(342)**	**(32,708)**	**(36,927)**
Financial assets derecognized during the period	**(9,452)**	**(1,701)**	**(86,110)**	**(97,263)**
Fx and other movements	**(15)**	–	**2,016**	**2,001**
Total net P&L charge during the period	**50,885**	**6,702**	**22,382**	**79,969**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**–**	**(31,668)**	**(31,668)**
Total movements without P&L impact	–	–	**(31,668)**	**(31,668)**
Loss allowance at December 31, 2019	**145,051**	**12,423**	**704,736**	**862,210**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	**48,922**	**25,774**	**19,400**	**94,096**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(14)**	**88**	**–**	**74**
Transfer from Stage 1 to Stage 3	**(242)**	–	**46,387**	**46,145**
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	**127,018**	**341**	**141,229**	**268,588**
Changes in PDs/LGDs/EADs	17	–	(1)	16
Financial assets derecognized during the period	**(48,628)**	**(25,774)**	–	**(74,402)**
Fx and other movements	**297**	–	–	**297**
Total net P&L charge during the period	**78,448**	**(25,345)**	**187,615**	**240,718**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(297)	–	–	(297)
Total movements without P&L impact	**(297)**	–	–	**(297)**
Loss allowance at December 31, 2019	**127,073**	**429**	**207,015**	**334,517**

	Parent			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
Investments in debt instruments (AC)				
Loss allowance at January 1, 2019	**200,622**	**14,317**	–	**214,939**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(12,351)	697,085	–	684,734
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	**29**	**(486)**	–	**(457)**
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	**13,489**	**101,535**	–	**115,024**
Changes in PDs/LGDs/EADs	**78,542**	**4,099**	–	**82,641**
Financial assets derecognized during the period	**(9,536)**	**(4,721)**	–	**(14,257)**
Fx and other movements	**18,379**	**1,681**	–	**20,060**
Total net P&L charge during the period	**88,552**	**799,193**	–	**887,745**
Write-offs, foreclosures and other movements	**(18,379)**	**(1,681)**	–	**(20,060)**
Total movements without P&L impact	**(18,379)**	**(1,681)**	–	**(20,060)**
Loss allowance at December 31, 2019	**270,795**	**811,829**	–	**1,082,624**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
Investments in debt instruments(FVOCI)				
Loss allowance at January 1, 2019	**3,496**	2	–	**3,498**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	**19**	**(2)**	–	**17**
Transfer from Stage 2 to Stage 3				
Transfer from Stage 3 to Stage 1				
Transfer from Stage 3 to Stage 2				
New financial assets originated or purchased*	**9,638**	–	–	**9,638**
Changes in PDs/LGDs/EADs	**(96)**	–	–	**(96)**
Financial assets derecognized during the period	**(909)**	–	–	**(909)**
Fx and other movements	**1,637**	–	–	**1,637**
Total net P&L charge during the period	**10,289**	**(2)**	**-**	**10,287**
Write-offs, foreclosures and other movements	(1,637)	–	–	(1,637)
Total movements without P&L impact	**(1,637)**	–	–	**(1,637)**
Loss allowance at December 31, 2019	**12,148**	–	–	**12,148**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

The corresponding movement of the gross carrying amount of the financial asset are shown below:

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Corporate and commercial lending------------------	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount at January 1, 2019	390,540,527	17,424,690	3,835,233	411,800,450
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(9,834,545)	9,834,545	-	-
Transfer from Stage 1 to Stage 3	(718,875)	-	718,875	-
Transfer from Stage 2 to Stage 1	9,676,644	(9,676,644)	-	-
Transfer from Stage 2 to Stage 3	-	(138,087)	138,087	-
Transfer from Stage 3 to Stage 1	76,817	-	(76,817)	-
Transfer from Stage 3 to Stage 2	-	2,092	(2,092)	-
New financial assets originated*	210,489,202	6,683,212	979,440	218,151,854

(Forward)

Corporate and commercial lending	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Changes in PDs/LGDs/EADs	(18,208,483)	(1,851,903)	(156,935)	(20,217,321)
Financial assets derecognized during the period	(146,536,480)	(2,839,497)	(473,862)	(149,849,839)
Fx and other movements	(49,238)	-	49,238	-
Total movements with P&L impact	**44,895,043**	**2,013,718**	**1,175,934**	**48,084,695**
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	-	-	(226,471)	(226,471)
Total movements without P&L impact	**-**	**-**	**(226,471)**	**(226,471)**
Gross carrying amount at December 31, 2019	**435,435,570**	**19,438,408**	**4,784,696**	**459,658,674**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2019	80,691,641	3,210,598	3,312,700	87,214,939
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,665,015)	2,665,015	-	-
Transfer from Stage 1 to Stage 3	(1,116,995)	-	1,116,995	-
Transfer from Stage 2 to Stage 1	449,278	(449,278)	-	-
Transfer from Stage 2 to Stage 3	-	(147,540)	147,540	-
Transfer from Stage 3 to Stage 1	174,723	-	(197,297)	-
Transfer from Stage 3 to Stage 2	-	61,078	(61,078)	-
New financial assets originated*	39,667,155	649,833	206,737	40,523,725
Changes in PDs/LGDs/EADs	(6,141,036)	(598,191)	(254,693)	(6,993,920)
Financial assets derecognized during the period	(11,957,718)	(788,449)	(676,052)	(13,422,219)
Fx and other movements	(4,345)	-	4,345	-
Total movements w/ P&L impact during the period	18,428,622	1,392,468	286,497	20,107,587
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	-	-	(101,692)	(101,692)
Total movements without P&L impact	-	-	(101,692)	(101,692)
Gross carrying amount at December 31, 2019	99,120,263	4,603,066	3,497,505	107,220,834

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2019	12,110,169	1,684,378	23,319	13,817,866
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,355)	11,355	-	-
Transfer from Stage 1 to Stage 3	(57,565)	-	57,565	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated*	10,583,215	64,584	160,927	10,808,726
Changes in PDs/LGDs/EADs	(3,548)	(1,442)	(5,905)	(10,895)
Financial assets derecognized during the period	(12,028,751)	(1,684,378)	-	(13,713,129)
Fx and other movements	-	-	-	-
Total movements w/ P&L impact during the period	(1,518,004)	(1,609,881)	212,587	(2,915,298)
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	-	-	-	-
Total movements without P&L impact	-	-	-	-
Gross carrying amount at December 31, 2019	10,592,165	74,497	235,906	10,902,568

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments measured at Amortized Cost	Consolidated Stage 1 12-month ECL	ECL Staging Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2019	158,916,818	4,040,112	151,836	163,108,766
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(7,275,056)	7,275,056	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	60,759	(60,759)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased*	26,085,288	469,763	-	26,555,051
Changes in PDs/LGDs/EADs	(5,655,491)	(259,085)	-	(5,914,576)
Financial assets derecognized during the period	(20,380,991)	(2,826,926)	(151,836)	(23,359,753)
Fx and other movements	15	-	-	15
Total movements w/ P&L impact during the period	(7,165,476)	4,598,049	(151,836)	(2,719,263)
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	-	-	-	-
Total movements without P&L impact	-	-	-	-
Gross carrying amount at December 31, 2019	151,751,342	8,638,161	-	160,389,503

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Investments measured at FVOCI (Debt)	Consolidated Stage 1 12-month ECL	ECL Staging Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2019	9,978,200	1,676	-	9,979,876
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	1,676	(1,676)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased*	19,413,175	-	-	19,413,175
Changes in PDs/LGDs/EADs	163,055	-	-	163,055
Financial assets derecognized during the period	(4,109,314)	-	-	(4,109,314)
Fx and other movements	27,254	-	-	27,254
Total movements w/ P&L impact during the period	15,495,845	(1,676)	-	15,494,169
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	19,742	-	-	19,742
Total movements without P&L impact	19,742	-	-	19,742
Gross carrying amount at December 31, 2019	25,493,787	-	-	25,493,787

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Corporate and commercial lending	Parent ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2019	**363,535,045**	**16,801,373**	**1,067,931**	**381,404,349**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(9,329,629)**	**9,329,629**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(211,470)**	**-**	**211,470**	**-**
Transfer from Stage 2 to Stage 1	**9,561,196**	**(9,561,196)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(531,115)**	**531,115**	**-**
Transfer from Stage 3 to Stage 1	**6,996**	–	**(6,996)**	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	**200,668,864**	**6,559,799**	**759,822**	**207,988,485**
Changes in PDs/LGDs/EADs	**(18,203,940)**	**(1,850,720)**	**(36,121)**	**(20,090,783)**

(Forward)

Corporate and commercial lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial assets derecognized during the period	**(131,739,122)**	**(2,742,800)**	**(120,500)**	**(134,602,422)**
Fx and other movements	**(49,238)**	–	**49,238**	–
Total net P&L charge during the period	**50,703,657**	**1,203,597**	**1,388,028**	**53,295,282**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	**(226,471)**	**(226,471)**
Total movements without P&L impact	–	–	**(226,471)**	**(226,471)**
Gross carrying amount as at December 31, 2019	**414,238,702**	**18,004,970**	**2,229,488**	**434,473,160**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	**47,908,408**	**2,823,817**	**1,952,306**	**52,684,531**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,992,394)**	**1,992,394**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(930,638)**	**-**	**930,638**	**-**
Transfer from Stage 2 to Stage 1	**361,429**	**(361,429)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(90,866)**	**90,866**	**-**
Transfer from Stage 3 to Stage 1	**168,023**	**-**	**(168,023)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**48,004**	**(48,004)**	**-**
New financial assets originated*	**23,337,705**	**421,402**	**176,486**	**23,935,593**
Changes in PDs/LGDs/EADs	**(6,130,304)**	**(596,418)**	**(175,417)**	**(6,902,139)**
Financial assets derecognized during the period	**(4,019,642)**	**(606,707)**	**(240,319)**	**(4,866,668)**
Fx and other movements	**(4,345)**	–	**4,345**	–
Total net P&L charge during the period	**10,789,834**	**806,380**	**570,572**	**12,166,786**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	**(101,692)**	**(101,692)**
Total movements without P&L impact	–	–	**(101,692)**	**(101,692)**
Gross carrying amount as at December 31, 2019	**58,698,242**	**3,630,197**	**2,421,186**	**64,749,625**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	**11,229,908**	**1,684,378**	**23,319**	**12,937,605**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,355)	11,355	-	-
Transfer from Stage 1 to Stage 3	(57,565)	-	57,565	-
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	**10,583,215**	**64,584**	**160,927**	**10,808,726**
Changes in PDs/LGDs/EADs	**(3,548)**	**(1,442)**	**(5,905)**	**(10,895)**
Financial assets derecognized during the period	**(11,148,490)**	**(1,684,378)**	–	**(12,832,868)**
Fx and other movements	–	–	–	–
Total net P&L charge during the period	**(637,743)**	**(1,609,881)**	**212,587**	**(2,035,037)**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount as at December 31, 2019	**10,592,165**	**74,497**	**235,906**	**10,902,568**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments in amortized cost	Parent ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2019	**150,639,222**	**4,040,112**	–	**154,679,334**
Movements with P&L impact				
Transfers:			–	
Transfer from Stage 1 to Stage 2	**(7,275,056)**	**7,275,056**	–	–
Transfer from Stage 1 to Stage 3	**-**	**-**	–	–
Transfer from Stage 2 to Stage 1	**60,759**	**(60,759)**	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	**25,123,628**	**469,763**	–	**25,593,391**
Changes in PDs/LGDs/EADs	**(5,655,491)**	**(259,085)**	**-**	**(5,914,576)**
Financial assets derecognized during the period	**(14,816,974)**	**(2,826,926)**	–	**(17,643,900)**
Fx and other movements	–	–	–	–
Total net P&L charge during the period	**(2,563,134)**	**4,598,049**	–	**2,034,915**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount as at December 31, 2019	**148,076,088**	**8,638,161**	–	**156,714,249**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments at FVOCI (debt)	Parent ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2019	**8,141,359**	**1,676**	–	**8,143,035**
Movements with P&L impact				
Transfers:			–	
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	**1,676**	**(1,676)**	–	**–**
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	**18,997,616**	–	–	**18,997,616**
Changes in PDs/LGDs/EADs	**136,794**	**-**	**-**	**136,794**
Financial assets derecognized during the period	**(3,712,224)**	–	–	**(3,712,224)**
Fx and other movements	–	–	–	–
Total net P&L charge during the period	**15,423,862**	**(1,676)**	–	**15,422,186**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount as at December 31, 2019	**23,565,221**	–	–	**23,565,221**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

While the Group recognizes through the statement of income the movements in the expected credit losses computed using the models, the Group also complies with BSP's regulatory requirement to appropriate a portion of its retained earnings at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 24).

	Consolidated 2019	2018	2017	Parent 2019	2018	2017
Provision for Impairment and Credit Losses	**₱2,570,168**	₱141,076	₱754,171	**₱2,205,062**	(₱1,957)	₱423,922
Retained Earnings, appropriated	**468,442**	340,409	–	**468,442**	340,409	–
	₱3,038,610	₱481,485	₱754,171	**₱2,673,504**	₱338,452	₱423,922

17. Deposit Liabilities

As of December 31, 2019 and 2018, 38.34% and 33.64% respectively, of the total deposit liabilities of the Group and 40.85% and 37.56% of the Parent Company are subject to periodic interest repricing. The remaining deposit liabilities bear annual fixed interest rates ranging from 0.13% to 4.55% in 2019, 0.13% to 4.55% in 2018 and 0.13% to 3.65% in2017.

Interest Expense on Deposit Liabilities
This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Demand	**₱242,838**	₱257,380	₱233,984	**₱189,776**	₱182,521	₱163,524
Savings	**6,356,024**	3,490,378	1,120,422	**6,247,134**	3,429,446	1,072,849
Time	**11,968,304**	7,873,305	5,167,529	**9,478,197**	6,124,047	3,974,430
	₱18,567,168	₱11,621,063	₱6,521,935	**₱15,915,107**	₱9,736,014	₱5,210,803

BSP Circular No. 830 requires reserves against deposit liabilities. As of December 31, 2019 and 2018, Due from BSP amounting to ₱92.67 billion and ₱99.89 billion, respectively, for the Group and ₱80.61 billion and ₱93.09 billion, respectively, for the Parent Company were set aside as reserves for deposit liabilities per latest report submitted BSP. As of December 31, 2019 and 2018, the Group is in compliance with such regulation.

Long Term Negotiable Certificates of Deposits (LTNCD)
On August 3, 2016, the BOD of the Parent Company approved the issuance of Long Term Negotiable Certificates of Deposits (LTNCD) of up to ₱20.00 billion in tranches of ₱5.00 billion to ₱10.00 billion each and with tenors ranging from 5 to 7 years to support the Group's strategic initiatives and business growth. On October 27, 2016, the Monetary Board of the BSP approved the LTNCD issuances. On November 18, 2016, the Parent Company issued the first tranche at par with aggregate principal amount of ₱9.58 billion due May 18, 2022. The LTNCDs bear a fixed coupon rate of 3.65% per annum, payable quarterly in arrears. Subject to BSP rules, the Group has the option to pre−terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.

On June 2, 2017, the Parent Company issued at par LTNCDs with aggregate principal amount of ₱6.35 billion due December 22, 2022, representing the second tranche of the ₱20.00 billion.

On March 7, 2018, the Board of Directors approved the Bank's Peso funding program of up to ₱50 billion via a combination of Long−Term Negotiable Certificate of Time Deposit and/or Retail Bonds and/or Commercial Papers.

On July 12, 2018, the Parent Company issued at par LTNCDs with aggregate principal amount of ₱10.25 billion due January 12, 2024, representing the first tranche of the ₱20 billion LTNCD approved by BSP on June 14, 2018. The LTNCDs bear a fixed coupon rate of 4.55% per annum, payable quarterly in arrears. The ₱20.00 billion LTNCD program is part of the Group's funding program amounting to P50 billion.

The LTNCDs are included under the 'Time deposit liabilities' account.

18. Bonds Payable

₱30 Billion Peso Fixed Rate Bonds
On July 10, 2019, the Parent Company issued ₱30 billion peso fixed rate bonds, which bears a fixed coupon rate of 5.70% per annum, payable monthly, and is due on January 2021. The Parent Company incurred transaction costs amounting to ₱257.73 million. In 2019, amortization of this transaction costs amounted to ₱81.86 million.

$150 Million Bonds Payable to IFC
On June 18, 2019, the Parent Company issued a $150 million, seven-year bond to International Finance Corporation. The bond carries an interest rate of 120 basis points over 6-month LIBOR.
Shortly thereafter, the Parent Company entered into a seven-year pay-fixed, receive-floating interest rate swap (see Note 26) with the same principal terms to hedge the exposure to variable cash flow payments on the floating-rate bonds payable attributable to interest rate risk (Note 6). The Parent Company incurred transaction costs amounting to ₱30.62 million. In 2019, amortization of this transaction costs amounted to ₱12.08 million.

The Bond Subscription Agreement contains certain financial covenants that the Parent Company should comply during the term of the Bond, including the following:

- Risk Weighted Capital Adequacy Ratio of not less than ten per cent (10%);
- Equity to Assets Ratio of not less than five per cent (5%);
- Aggregate Large Exposures Ratio of not more than four hundred per cent (400%);
- Open Credit Exposures Ratio of not more than twenty five per cent (25%);
- Fixed Assets Plus Equity Participations Ratio of not more than thirty five per cent (35%);
- Aggregate Foreign Exchange Risk Ratio of not more than twenty five per cent (25%);
- Single Currency Foreign Exchange Risk Ratio of not more than ten per cent (10%);
- Interest Rate Risk Ratio of not less than negative twenty five per cent (-25%) and not more than twenty five per cent (25%);
- Aggregate Interest Rate Risk Ratio of not less than negative fifty per cent (-50%) and not more than twenty per cent (20%);
- Open FX Position of not more than $50,000,000.

In addition, the Parent Company should also comply with the regulatory requirements related to Economic Group Exposure and Related Party Exposure set by the BSP or the Bond Subscription Agreement, whichever is more stringent.

Noncompliance of these obligations may require the Parent Company to pay the bond immediately.
As of December 31, 2019, the Parent Company is in compliance with these covenants and regulatory requirements.

Interest expense on bonds payable amounted to ₱1.03 billion in 2019.

19. Bills Payable

The Group's and the Parent Company's bills payable consist of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Interbank loans payable	**₱21,867,053**	₱ 28,426,800	**₱21,867,053**	₱ 28,426,800
Trade finance	**6,152,153**	5,804,832	**6,152,153**	5,804,832
BSP rediscounting (Note 10)	**3,280,000**	4,132,800	**3,280,000**	4,132,800
Promissory Notes	**2,082,200**	1,462,100	**2,082,200**	1,462,100
	₱33,381,406	₱39,826,532	**₱33,381,406**	₱39,826,532

Interbank loans payable
Interbank loans payable consists of short−term dollar−denominated borrowings of the Parent Company with annual interest ranging from 1.30% to 3.15% and from 3.11% to 4.73% in 2019 and 2018, respectively.

As of December 31, 2019, the carrying amount of foreign currency−denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱9.00 billion. The carrying amount of peso−denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱10.39 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱19.71 billion as of December 31, 2019.

As of December 31, 2018, the carrying amount of foreign currency−denominated investment securities at amortized cost and FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱13.32 billion and ₱0.73 billion, respectively. The carrying amount of peso−denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱20.69 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱31.86 billion as of December 31, 2019.

As of December 31, 2019 and 2018, margin deposits amounting to ₱992.56 million and ₱930.82 million, respectively, are deposited with various counterparties to meet the collateral requirements for its interbank loans payable.

Trade finance
As of December 31, 2019 and 2018, trade finance consists of the Parent Company's borrowings from financial institutions using bank trade assets as the basis for borrowing foreign currency. The refinancing amount should not exceed the aggregate amount of trade assets.

20. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	**2018**
Accrued interest payable	**₱1,889,291**	₱1,737,659	**₱1,702,098**	₱1,513,147
Accrued payable for employee benefits	**1,651,271**	958,643	**1,651,271**	958,643
Accrued taxes and other licenses	**316,535**	229,059	**195,979**	149,088
Accrued lease payable	–	198,759	–	198,759
Accrued other expenses payable	**264,205**	718,405	**100,992**	522,515
	₱4,121,302	₱3,842,525	**₱3,650,340**	₱3,342,152

21. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Financial liabilities				
Lease liabilities	**₱3,394,925**	₱–	**₱2,719,524**	₱–
Accounts payable	**3,221,353**	3,426,924	**2,178,540**	2,248,710
Expected credit losses on off−balance sheet exposures	**1,239,967**	1,629,150	**1,229,949**	1,619,131
Due to PDIC	**692,262**	628,142	**692,262**	628,142
Other credits−dormant	**447,346**	241,720	**447,346**	241,720
Due to the Treasurer of the Philippines	**435,287**	386,930	**416,444**	378,871
Acceptances payable	**413,149**	348,738	**413,149**	357,832
Margin deposits	**5,586**	3,359	**5,586**	3,359
Miscellaneous (Note 23)	**807,734**	682,487	**323,284**	301,701
	10,657,609	7,347,450	**8,426,084**	5,779,466
Nonfinancial liabilities				
Withholding taxes payable	**341,901**	325,508	**296,613**	270,346
Retirement liabilities (Note 25)	**15,191**	8,686	**-**	–
	357,092	334,194	**296,613**	270,346
	₱11,014,701	₱7,681,644	**₱8,722,696**	₱6,049,812

Movements in the lease liabilities account follows:

	2019	
	Consolidated	**Parent Company**
As of January 1, 2019	**₱3,669,457**	**₱2,915,844**
Additions	**247,311**	**185,549**
Interest expenses	**265,539**	**207,744**
Payments	**(787,381)**	**(589,613)**
Ending Balance	**₱3,394,925**	**₱2,719,524**

Accounts payable includes payables to suppliers and service providers, and loan payments and other charges received from customers in advance.

Off-balance sheet exposures (see Note 31) subject to ECL include syndicated and long-term lines. ECL for these exposures that was recognized on January 1, 2018 amounted to ₱1.67 billion for the Group and ₱1.61 billion for the Parent Company.

Miscellaneous mainly includes sundry credits, inter−office float items, and dormant deposit accounts.

22. Other Operating Income and Miscellaneous Expenses

Service Charges, Fees and Commissions

Details of this account are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Service and collection charges:						
Deposits	**₱510,517**	₱606,051	₱540,323	**₱510,517**	₱606,051	₱539,941
Loans	**806,509**	303,817	276,054	**46,967**	47,397	34,758
Remittances	**315,050**	330,520	311,768	**315,050**	330,520	311,768
Others	**252,254**	109,290	112,725	**228,734**	107,652	99,116
	1,884,320	1,349,677	1,240,870	**1,101,268**	1,091,620	985,583
Fees and commissions	**1,412,344**	1,427,607	1,200,854	**523,435**	438,107	409,415
	₱3,296,674	₱2,777,283	₱2,441,724	**₱1,624,703**	₱1,529,727	₱1,394,998

Trading and Securities Gain – Net

This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Financial assets at FVOCI	**₱269,478**	(₱2,104)	₱–	**₱240,310**	(₱2,451)	₱–
AFS financial assets	–	–	363,350	–	–	342,146
Financial assets designated at FVPL (Note 9)	–	(36,766)	170,352	–	(40,831)	170,352
Held–for–trading (Note 9)	**703,982**	(224,583)	(55,257)	**712,910**	(224,583)	(112,458)
Derivative assets (Note 25)	**(88,978)**	(19,827)	(3,510)	**(115,346)**	(19,827)	(3,510)
Investment securities at amortized cost	–	11,728	–	–	11,728	-
HTM financial assets	–		5,025	–	–	5,025
	₱884,482	(₱271,552)	₱479,960	**₱837,874**	₱(275,964)	₱399,760

Miscellaneous Income

Details of this account are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Bancassurance (Note 11)	**₱303,454**	₱357,786	₱360,009	**₱300,664**	₱357,786	360,009
Recovery of charged off assets	**244,947**	144,924	199,014	**219,055**	100,517	184,272
Rental on bank premises	**121,507**	111,572	111,651	**88,848**	80,388	83,911
Dividends (Note 9)	**107,969**	127,084	91,073	**107,050**	126,386	91,073
Fund transfer fees	**52,976**	49,171	59,682	**52,976**	49,171	59,682
Rental safety deposit boxes	**28,987**	26,341	24,933	**28,987**	26,341	24,825
Miscellaneous income (Notes 12, 13 and 15)	**333,217**	444,863	670,161	**265,215**	389,545	587,884
	₱1,193,057	₱1,261,741	₱1,516,523	**₱1,062,795**	₱1,130,134	₱1,391,657

On April 11, 2017, the BTr paid the Group the final tax withheld (FWT) from the proceeds of the Poverty Eradication and Alleviation Certificates (PEACe) bonds last October 18, 2011, plus 4.00% interest per annum from October 19, 2011 to April 10, 2017. Total settlement amount were paid in the form of 3–year Retail Treasury Bonds with interest of 4.25% per annum. The settlement resulted in gain amounting to ₱381.65 million and ₱356.77 million for the Group and Parent Company, respectively, which is presented under 'Miscellaneous income' in 2017.

Miscellaneous Expenses

Details of this account are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Information technology	**₱635,422**	₱500,459	₱402,314	**₱575,316**	₱452,540	₱339,214
Service charges	**207,782**	231,895	219,430	**206,754**	231,895	219,430
Litigations	**243,124**	198,011	176,602	**60,811**	65,157	22,815
Freight	**58,397**	37,593	38,909	**38,911**	24,352	27,953
Broker's fee	**27,370**	35,843	39,129	**27,370**	31,891	39,128
Clearing and processing fee	**15,331**	22,024	21,252	**15,331**	17,355	16,320
Membership fees and dues	**21,525**	17,756	18,642	**17,369**	16,260	17,160
Miscellaneous expense	**1,113,988**	1,011,053	951,274	**948,159**	779,702	808,638
	₱2,322,939	₱2,054,634	₱1,867,552	**₱1,890,021**	₱1,619,152	₱1,490,658

23. Maturity Analysis of Assets and Liabilities

The following tables present both the Group's and Parent Company's assets and liabilities as of December 31, 2019 and 2018 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from the respective reporting date:

	Consolidated					
	2019			2018		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱16,839,755**	**₱–**	**₱16,839,755**	₱15,639,474	₱–	₱15,639,474
Due from BSP	**100,174,398**	–	**100,174,398**	101,889,773	–	101,889,773
Due from other banks	**9,900,642**	–	**9,900,642**	9,455,447	–	9,455,447
Interbank loans receivable and SPURA	**17,036,460**	–	**17,036,460**	11,998,040	–	11,998,040
Financial assets at FVPL	**17,302,294**	**1,197,817**	**18,500,111**	6,273,368	1,322,894	7,596,262
Financial assets at FVOCI	**894,386**	**25,238,974**	**26,133,360**	1,364,962	8,732,542	10,097,504
Investment securities at amortized cost	**5,173,756**	**164,116,954**	**169,290,710**	9,893,261	163,018,876	172,912,137
Loans and receivables – gross	**167,801,401**	**410,027,636**	**577,829,037**	166,260,382	346,629,390	512,889,772
Accrued interest receivable – gross	**7,434,382**	–	**7,434,382**	6,000,736	–	6,000,736
Other assets – gross	**3,744,259**	**1,203,502**	**4,947,761**	3,294,964	1,121,036	4,416,000
	346,301,733	**601,784,883**	**948,086,616**	332,070,407	520,824,738	852,895,145
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	**9,155,234**	**9,155,234**	–	6,450,458	6,450,458
Investment properties – net of accumulated depreciation	–	**5,466,196**	**5,466,196**	–	6,064,835	6,064,835
Deferred tax assets	–	**3,370,949**	**3,370,949**	–	2,514,889	2,514,889
Investments in associates	–	**704,169**	**704,169**	–	335,092	335,092
Intangible assets	–	**4,078,678**	**4,078,678**	–	4,215,199	4,215,199
Goodwill	–	**839,748**	**839,748**	–	839,748	839,748
Other assets – gross	**1,628,844**	**876,221**	**2,505,065**	1,351,634	1,211,331	2,562,965
	1,628,844	**24,491,195**	**26,120,039**	1,351,634	21,631,552	22,983,186
Allowance for impairment and credit losses (Note 16)			**(11,630,778)**			(9,551,150)
Unearned discounts (Note 10)			**(349,896)**			(255,535)
			(11,980,674)			(9,806,685)
			₱962,225,981			₱866,071,646
Financial liabilities						
Deposit liabilities	**764,810,192**	**10,617,669**	**775,427,861**	682,760,286	39,363,010	722,123,296
Bills payable	**33,381,406**	–	**33,381,406**	39,826,532	–	39,826,532
Bonds payable	**29,828,359**	**7,566,039**	**37,394,398**			
Manager's checks	**1,998,678**	–	**1,998,678**	2,577,175	–	2,577,175
Accrued interest and other expenses*	**2,153,496**	–	**2,153,496**	2,098,994	352,335	2,451,329
Derivative liabilities	**1,036,052**	–	**1,036,052**	455,150	–	455,150
Derivative Contracts Designated as Hedges	**51,949**	–	**51,949**			
Other liabilities	**10,657,609**	–	**10,657,609**	6,110,225	1,213,812	7,324,037
	843,917,741	**18,183,708**	**862,101,449**	733,828,362	40,929,157	774,757,519
Nonfinancial liabilities						
Accrued interest and other expenses	**316,535**	**1,651,271**	**1,967,806**	161,542	1,229,654	1,391,196
Deferred tax liabilities	**–**	**1,083,378**	**1,083,378**	–	1,231,145	1,231,145
Income tax payable	**540,662**	**–**	**540,662**	477,585	–	477,585
Other liabilities	**217,076**	**140,016**	**357,092**	325,508	32,102	357,610
	₱844,992,014	**₱21,058,373**	**₱866,050,387**	₱734,792,997	₱43,422,058	₱778,215,055

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

	Parent Company					
	2019			2018		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱14,856,844**	**₱–**	**₱14,856,844**	₱13,705,304	₱–	₱13,705,304
Due from BSP	**88,109,650**	**–**	**88,109,650**	95,092,944	–	95,092,944
Due from other banks	**8,645,547**	**–**	**8,645,547**	7,837,894	–	7,837,894
SPURA	**10,027,609**	**–**	**10,027,609**	8,998,040	–	8,998,040
Financial assets at FVPL	**17,246,285**	**1,197,817**	**18,444,102**	5,366,903	1,322,894	6,689,797
Financial assets at FVOCI	**410,565**	**23,760,064**	**24,170,629**	1,059,474	7,153,536	8,213,010
Investment securities at amortized cost	**4,645,719**	**160,668,554**	**165,314,273**	6,852,074	157,187,330	164,039,404
Loans and receivables – gross	**144,905,958**	**365,253,735**	**510,159,693**	144,064,744	303,001,501	447,066,245
Accrued interest receivable − gross	**6,565,736**	**–**	**6,565,736**	5,171,374	–	5,171,374
Other assets – gross	**2,137,322**	**235,049**	**2,372,371**	1,773,527	224,035	1,997,562
	297,551,235	**551,115,219**	**848,666,454**	289,922,275	468,889,296	758,811,574
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment − net of accumulated depreciation and amortization	**–**	**7,468,646**	**7,468,646**	–	5,265,386	5,265,386
Investment properties − net of accumulated depreciation	**–**	**2,611,501**	**2,611,501**	–	2,309,762	2,309,762
Deferred tax assets	**–**	**2,287,956**	**2,287,956**	–	1,739,219	1,739,219
Investments in subsidiaries	**–**	**15,129,118**	**15,129,118**	–	14,333,567	14,333,567
Investment in associates	**–**	**704,169**	**704,169**	–	335,092	335,092
Intangible assets	**–**	**945,916**	**945,916**	–	915,531	915,531
Goodwill	**–**	**222,841**	**222,841**	–	222,841	222,841
Other assets – gross	**1,404,959**	**499,711**	**1,904,670**	1,056,495	756,160	1,812,655
	1,404,959	**29,869,858**	**31,274,817**	1,056,495	25,877,558	26,934,053
Allowances for impairment and credit losses (Note 16)			**(9,470,163)**			(7,284,317)
Unearned discounts (Note 10)			**(290,711)**			(208,377)
			(9,760,874)			(7,492,694)
			₱870,180,397			₱778,252,935
Financial liabilities						
Deposit liabilities	**687,530,863**	**233,590**	**687,764,453**	₱606,235,158	₱32,008,204	₱638,243,362
Bills payable	**33,381,406**	**–**	**33,381,406**	39,826,532	–	39,826,532
Bonds payable	**29,828,359**	7,566,039	**37,394,398**			
Manager’s checks	**1,535,936**	**–**	**1,535,936**	2,069,812	–	2,069,812
Accrued interest and other expenses*	**1,803,090**	**–**	**1,803,090**	2,035,662	–	2,035,662
Derivative liabilities	**1,036,052**	**–**	**1,036,052**	455,150	–	455,150
Derivative **Contracts** Designated as Hedges	**51,949**	**–**	**51,949**			
Other liabilities	**8,426,083**	**–**	**8,426,083**	5,779,467	–	5,779,467
	763,593,738	**7,799,629**	**771,393,367**	656,401,781	32,008,204	688,409,985
Nonfinancial liabilities						
Accrued interest and other expenses	**195,979**	**1,651,271**	**1,847,250**	149,088	1,157,402	1,306,490
Income tax payable	**479,923**	**–**	**479,923**	414,233	–	414,233
Other liabilities	**296,613**	**–**	**296,613**	270,346	–	270,346
	₱764,566,253	**₱9,450,900**	**₱774,017,153**	₱657,235,447	₱33,165,606	₱690,401,054

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

24. Equity

The Parent Company's capital stock consists of (amounts in thousands, except for number of shares):

	2019		2018	
	Shares	**Amount**	**Shares**	**Amount**
Common stock − ₱10.00 par value				
Authorized – shares	3,300,000,000		3,300,000,000	
Issued and outstanding				
Balance at beginning of year	**2,685,899,812**	**₱26,858,998**	2,684,771,716	₱26,847,717
Stock rights	–	–	–	–
Additional issuance of shares	–	–	1,128,096	11,281
Stock dividends*	–	–	–	–
	2,685,899,812	**₱26,858,998**	2,685,899,812	₱26,858,998

*The stock dividends declared include fractional shares equivalent to 1,009 in 2018.

The Parent Company shares are listed in the Philippine Stock Exchange.

On June 7, 2017, the Parent Company and the Trust and Asset Management Group (on behalf of the CBC Employees Retirement Plan) entered into a subscription agreement whereas the latter will subscribe to 1,128,096 new common shares of the Parent Company at a subscription price per share equal to the higher between the closing price of the Parent Company's stock dividend or the par value of ₱10.00 per share.

On January 24, 2018, the BOD of the Parent Company, during a special board meeting, confirmed the issuance of the shares to CBC Employees Retirement Plan in accordance with the subscription agreement which was paid at a subscription price of ₱33.40 per share (closing price of the Group's shares at the Philippine Stock Exchange on October 20, 2018 which is the record date of the Parent Company's stock dividend).

The summarized information on the Parent Company's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Authorized Shares*
April 12, 1991	100,000
October 7, 1993	150,000
August 30, 1994	200,000
July 26, 1995	250,000
September 12, 1997	500,000
September 5, 2005	1,000,000
September 14, 2007	1,600,000
September 5, 2008	2,000,000
August 29, 2014	2,500,000
September 29, 2018	3,300,000

** Restated to show the effects of the ten−for−one stock split in 2012*

As reported by the Parent Company's transfer agent, Stock Transfer Service, Inc., the total number of stockholders is 1,902 and 1,928 as of December 31, 2019 and 2018, respectively.

Dividends
Details of the Parent Company's cash dividend payments follow:

Cash Dividends

Date of Declaration	Date of Record	Date of Payment	Cash Dividend Per Share
May 02, 2019	May 17, 2019	May 31, 2019	0.88
May 03, 2018	May 17, 2018	June 01, 2018	0.83
May 04, 2017	May 18, 2017	June 02, 2017	0.80
May 05, 2016	May 23, 2016	June 03, 2016	1.00
May 07, 2015	August 12, 2015	September 09, 2015	1.00
May 08, 2014	September 19, 2014	October 15, 2014	1.00
May 02, 2013	July 19, 2013	August 14, 2013	1.20

Stock Dividends

Date of Declaration	Date of Record	Date of Payment	Stock Dividend Per Share
March 15, 2017	October 20, 2017	November 03, 2017	8%
May 05, 2016	May 23, 2016	June 03, 2016	8%
May 07, 2015	August 12, 2015	September 09, 2015	8%
May 08, 2014	September 19, 2014	October 15, 2014	8%
May 02, 2013	July 19, 2013	August 14, 2013	10%

Surplus
The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2019 and 2018, surplus includes the amount of ₱1.28 billion, net of deferred tax liability of ₱547.40 million, representing transfer of revaluation increment on land which was carried at deemed cost when the Group transitioned to PFRS in 2005 (Note 12). This amount will be available to be declared as dividends upon sale of the underlying land.

In the consolidated financial statements, a portion of the Group's surplus corresponding to the net earnings of the subsidiaries and associates amounting to ₱1.02 billion and ₱1.64 billion as of December 31, 2019 and 2018, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

Reserves
In compliance with BSP regulations, 10.00% of the Parent Company's profit from trust business is appropriated to surplus reserve. This annual appropriation is required until the surplus reserves for trust business equals 20.00% of the Parent Company's authorized capital stock.

Upon adoption of PFRS 9, BSP requires appropriation of a portion of the Group's Retained Earnings at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 16).

Capital Management
The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and that it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes as of December 31, 2019 and 2018.

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk−based capital ratio of a bank, expressed as a percentage of qualifying capital to risk−weighted assets (RWA), should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and RWA are computed based on BSP regulations. RWA consists of total assets less cash on hand, due from BSP, loans covered by hold−out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non−risk items determined by the Monetary Board of the BSP.

On August 4, 2006, the BSP, under BSP Circular No. 538, issued the prescribed guidelines implementing the revised risk−based capital adequacy framework for the Philippine banking system to conform to Basel II capital adequacy framework. The BSP guidelines took effect on July 1, 2007. Thereafter, banks were required to compute their CAR using these guidelines.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on ratings by Standard & Poor's, Moody's and Fitch, while PhilRatings were used on peso−denominated exposures to Sovereigns, MDBs, Banks, LGUs, Government Corporations, Corporates.

On January 15, 2013, the BSP issued Circular No. 781, Basel III Implementing Guidelines on Minimum Capital Requirements, which provides the implementing guidelines on the revised risk−based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi−banks, in accordance with the Basel III standards. The circular took effect on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and this ratio shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2017. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

The CAR of the Group and the Parent Company as of December 31, 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
	(Amounts in Million Pesos)			
CET 1 Capital	**₱92,758**	₱84,726	**₱89,999**	₱81,957
Less: Regulatory Adjustments	**11,492**	10,492	**19,496**	17,208
	81,266	74,234	**70,503**	64,749
Additional Tier 1 Capital	**–**	–	**–**	–
Less: Regulatory Adjustments	**–**	–	**–**	–
	–	–	**–**	–
Net Tier 1 Capital	**81,266**	74,234	**70,503**	64,749
Tier 2 Capital	**5,799**	5,659	**5,118**	4,982
Less: Regulatory Adjustments	–	–	–	–
Net Tier 2 Capital	**5,799**	5,659	**5,118**	4,982
Total Qualifying Capital	**₱87,067**	₱79,893	**₱75,621**	₱69,731

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
	(Amounts in Million Pesos)			
Credit RWA	**₱579,653**	₱565,777	**₱511,015**	₱498,030
Market RWA	**11,433**	5,154	**11,434**	5,204
Operational RWA	**45,623**	39,470	**36,385**	31,877
Total RWA	**₱636,709**	₱610,401	**₱558,834**	₱535,111
CET 1 capital ratio	**12.76%**	12.16%	**12.62%**	12.10%
Tier 1 capital ratio	**12.76%**	12.16%	**12.62%**	12.10%
Total capital ratio	**13.67%**	13.09%	**13.53%**	13.03%

The Parent Company has complied with all externally imposed capital requirements throughout the period.

The issuance of BSP Circular No. 639 covering the ICAAP in 2009 supplements the BSP's risk–based capital adequacy framework under Circular No. 538. In compliance with this circular, the Parent Company has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Parent Company. The level and structure of capital are assessed and determined in light of the Parent Company's business environment, plans, performance, risks and budget, as well as regulatory edicts. BSP requires submission of an ICAAP document every March 31. The Group has complied with this requirement.

Leverage Ratio

On June 9, 2015, BSP issued circular No. 881, which approved the guidelines for the implementation of the Basel 3 Leverage Ratio in the Philippines. The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The leverage ratio intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator). The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on 1 July 2018.

The BLR of the Group and the Parent Company as of December 31, 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
	(Amounts in Million Pesos)			
Tier 1 Capital	**₱81,266**	₱74,234	**₱70,503**	₱64,749
Exposure Measure	**975,329**	842,549	**871,678**	744,599
Leverage Ratio	**8.33%**	8.81%	**8.09%**	8.70%

Liquidity Coverage Ratio
On 18 February 2016, BSP issued circular no. 905 which approved the attached liquidity standards, which include guidelines on liquidity coverage ratio (LCR), and LCR disclosure standards that are consistent with the Basel III framework. Banks are required to adopt Basel III's Liquidity Coverage Ratio (LCR) aimed at strengthening the short-term liquidity position of banks. This requires banks to have available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflow for a 30-day period under stress conditions. The standard prescribes that, under a normal situation, the value of the liquidity ratio be no lower than 100% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against potential onset of liquidity stress. As of December 31, 2019 and 2018, the LCR in single currency is 127.65% and 111.73%, respectively, for the Group and 126.29% and 112.79%, respectively, for the Parent Company.

Net Stable Funding Ratio
On 24 May 2018, BSP issued circular no. 1007 which approved the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR). Banks are required to adopt Basel III's Net Stable Funding Ratio (NSFR) aimed to promote long-term resilience of banks against liquidity risk. Banks shall maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The NSFR complements the Liquidity Coverage Ratio (LCR), which promotes short-term resilience of a Bank's liquidity profile. As of December 31, 2019 and 2018, the NSFR is 121.31% and 117.43%, respectively, for the Group and 120.01% and 116.08%, respectively, for the Parent Company.

25. Retirement Plan

The Group has separate funded noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. The retirement plans are administered by the Parent Company's Trust Group which acts as the trustee of the plans. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The latest actuarial valuation studies of the retirement plans were made as of December 31, 2019.

The Group's annual contribution to the retirement plan consists of a payment covering the current service cost, unfunded actuarial accrued liability and interest on such unfunded actuarial liability.

The amounts of net defined benefit asset in the balance sheets follow:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Net plan assets (Note 15)	**₱543,471**	₱777,827	**₱499,711**	₱756,159
Retirement liabilities (Note 21)	**(15,191)**	(8,686)	–	–
	₱528,280	₱769,141	**₱499,711**	₱756,159

The movements in the defined benefit asset, present value of defined benefit obligation and fair value of plan assets follow:

	Consolidated 2019											
		Net benefit cost				Remeasurements in OCI						
	January 1, 2019	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)		(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	**₱4,859,249**	**₱-**	**₱347,965**	**₱347,965**	**(₱307,702)**	**(₱188,983)**	**₱–**	**₱–**	**₱–**	**(₱188,983)**	**₱629,871**	**₱5,340,401**
Present value of defined benefit obligation	**4,090,108**	**398,065**	**292,955**	**691,020**	**(307,702)**	**–**	**(48,548)**	**830,609**	**(443,366)**	**338,695**	**–**	**4,812,121**
Net defined benefit asset	**₱769,141**	**(₱398,065)**	**₱55,010**	**(₱343,055)**	**–**	**(₱188,983)**	**₱48,548**	**(₱830,609)**	**₱443,366**	**(₱527,678)**	**₱629,871**	**528,280**

***Presented under Compensation and fringe benefits in the statements of income.**

	Consolidated 2018											
		Net benefit cost				Remeasurements in OCI						
	January 1, 2019	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)		(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,868,423	₱–	₱272,914	₱272,914	₱ (275,805)	₱ (619,071)	₱–	₱–		₱ (619,071)	₱612,788	₱4,859,249
Present value of defined benefit obligation	3,992,824	431,972	223,936	655,907	(275,805)	–	38,390	₱ (321,209)		(282,819)		4,090,108
Net defined benefit asset	₱875,599	₱ (431,972)	₱382,993	₱ (382,994)	–	₱ (619,071)	₱ (38,390)	₱321,209		₱ (336,252)	₱612,788	₱769,141

**Presented under Compensation and fringe benefits in the statements of income.*

	Parent Company 2019												
		Net benefit cost					Remeasurements in OCI						
	January 1, 2019	Current service cost	Net interest	Net pension expense*	Transfer from Affiliates	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic Assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j)		(k) =f+g+h+i	(l)	(m) = a + b + e + f + j + k
Fair value of plan assets	**₱4,467,637**	**₱–**	**₱319,436**	**₱319,436**	**₱–**	**(₱286,575)**	**(₱196,884)**	**₱–**	**₱**	**₱–**	**(₱196,884)**	**₱480,000**	**₱4,783,615**
Present value of defined benefit obligation	**3,711,477**	**311,538**	**265,378**	**576,916**	**260**	**(286,575)**	**–**	**(29,515)**	**650,700**	**(339,360)**	**281,826**		**4,283,904**
Net defined benefit asset	**₱756,160**	**(₱311,538)**	**₱54,058**	**(₱257,480)**	**(₱260)**	**₱–**	**(₱196,884)**	**₱29,515**	**(₱650,700)**	**₱339,360**	**(₱478,710)**	**₱480,000**	**₱499,711**

Presented under Compensation and fringe benefits in the statements of income.

	Parent Company 2018										
		Net benefit cost				Remeasurements in OCI					
	January 1, 2019	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,558,199	₱–	₱255,259	₱255,259	₱ (235,193)	₱ (590,629)	₱–	₱–	₱ (590,629)	₱480,000	₱4,467,637
Present value of defined benefit obligation	3,566,814	324,756	199,742	324,956	(235,193)	–	97,785	(245,646)	(147,861)	–	3,711,477
Net defined benefit asset	₱991,386	₱ (324,756)	₱55,517	₱ (69,697)	₱–	₱ (590,629)	₱97,785	₱245,646	₱ (442,768)	₱480,000	₱756,160

Presented under Compensation and fringe benefits in the statements of income.

The Group and the Parent Company is recommended to contribute to its defined benefit pension plan in 2020 amounting to ₱134.13 million and ₱30.15 million, respectively.

In 2019 and 2018, the major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Parent Company shares (Note 30)	**25.06%**	31.54%	**28.58%**	33.76%
Equity instruments	**3.85%**	23.83%	**3.21%**	21.76%
Cash and cash equivalents	**0.99%**	10.17%	**0.82%**	9.07%
Debt instruments	**61.76%**	19.39%	**63.48%**	19.39%
Other assets	**7.80%**	15.08%	**3.91%**	16.03%
	100.00%	100.00%	**100.00%**	100.00%

The following table shows the breakdown of fair value of the plan assets:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Deposits in banks	**₱52,757**	₱560,672	**₱39,407**	₱399,395
Financial assets at FVPL				
Quoted debt securities	**2,981,233**	–	**2,754,412**	–
Quoted equity securities	**205,620**	868,381	**153,330**	839,145
Parent Company shares	**1,367,210**	–	**1,367,210**	–
Investments in unit investment trust fund	**316,929**	–	**282,059**	–
Financial assets at FVOCI				
Quoted debt securities	–	977,735	–	832,834
Quoted equity securities	–	46,101	–	15,023
Parent Company shares	–	1,487,360	–	1,487,360
Investments in unit investment trust fund	–	160,762	–	117,097
Corporate bonds	–	8,750	–	8,750
Loans and receivable	**1,921**	523,483	**1,921**	520,663
Investment properties*	**162,323**	162,323	**162,323**	162,323
Other assets	**252,409**	63,144	**22,952**	23,019
	₱5,340,402	₱4,858,711	**₱4,783,614**	₱4,405,609

* Investment properties comprise properties located in Manila.

The carrying value of the plan assets of the Group and Parent Company amounted to ₱5.34 billion and ₱4.81 billion, respectively, as of December 31, 2019, and ₱4.78 billion and ₱4.41 billion, respectively, as of December 31, 2019

The principal actuarial assumptions used in 2019 and 2018 in determining the retirement asset (liability) for the Group's and Parent Company's retirement plans are shown below:

	2019					
	Parent	**CBSI**	**CIBI**	**CBC−PCCI**	**CBCC**	**CBSC**
Discount rate:						
January 1	**7.15%**	**7.27%**	**7.33%**	**7.33%**	**7.38%**	**7.40%**
December 31	**4.36%**	**4.47%**	**4.47%**	**4.76%**	**4.30%**	**4.24%**
Salary increase rate	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**

	2018					
	Parent	CBSI	CIBI	CBC−PCCI	CBCC	CBSC
Discount rate:						
January 1	5.60%	5.63%	5.82%	5.82%	5.85%	5.85%
December 31	7.15%	7.27%	7.33%	7.33%	7.38%	7.4%
Salary increase rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

The sensitivity analysis below has been determined based on the impact of reasonably possible changes of each significant assumption on the defined benefit liability as of the end of the reporting period, assuming all other assumptions were held constant:

December 31, 2019	**Parent**	**CBSI**	**CIBI**	**CBC−PCCI**	**CBCC**	**CBSC**
Discount rate						
(+1%)	**(₱227,157)**	**(₱45,326)**	**(₱723)**	**(₱4,021)**	**(₱1,330)**	**(₱234)**
(−1%)	**325,654**	**58,726**	**1,065**	**9,049**	**1,628**	**297**
Salary increase rate						
(+1%)	**301,453**	**55,151**	**992**	**8,431**	**1,547**	**282**
(−1%)	**(218,813)**	**(43,755)**	**(705)**	**(3,918)**	**(1,296)**	**(228)**

December 31, 2018	**Parent**	**CBSI**	**CIBI**	**CBC−PCCI**	**CBCC**	**CBSC**
Discount rate						
(+1%)	(₱84,696)	(₱28,746)	(₱469)	(₱1,980)	(₱1,001)	(₱206)
(−1%)	133,008	37,942	608	2,504	1,260	272
Salary increase rate						
(+1%)	126,701	36,802	598	2,443	1,236	268
(−1%)	(83,078)	(28,456)	(470)	(1,969)	(1,002)	(207)

The weighted average duration of the defined benefit obligation are presented below:

	December 31, 2019	December 31, 2018
Parent Company	**9**	13
CBSI	**11**	18
CIBI	**11**	19
CBC−PCCI	**16**	19
CBCC	**8**	23
CBSC	**7**	24

The maturity analyses of the undiscounted benefit payments as of December 31, 2019 and 2018 are as follows:

December 31, 2019	**Parent**	**CBSI**	**CIBI**	**CBC−PCCI**	**CBCC**	**CBSC**
1 year and less	**₱1,010,732**	**₱10,639**	**₱–**	**₱3,192**	**₱–**	**₱–**
More than 1 year to 5 years	**1,245,756**	**70,231**	**5,084**	**32,698**	**–**	**–**
More than 5 years to 10 years	**2,559,422**	**305,122**	**9,295**	**20,648**	**–**	**1,381**
More than 10 years to 15 years	**2,557,933**	**726,316**	**5,788**	**107,204**	**–**	**–**
More than 15 years to 20 years	**4,691,189**	**896,080**	**7,612**	**118,326**	**106,708**	**3,986**
More than 20 years	**28,578,876**	**10,967,703**	**537,282**	**1,260,108**	**360,469**	**127,967**

December 31, 2018	Parent	CBSI	CIBI	CBC−PCCI	CBCC	CBSC
1 year and less	₱1,020,830	₱9,552	₱1,578	₱538	₱–	₱–
More than 1 year to 5 years	1,112,345	81,367	1,306	17,652	–	–
More than 5 years to 10 years	2,349,644	210,666	10,410	36,531	5,015	–
More than 10 years to 15 years	2,537,302	715,066	5,796	54,937	–	–
More than 15 years to 20 years	4,117,126	972,734	–	141,549	103,091	3,741
More than 20 years	27,553,459	11,606,160	455,722	1,097,718	381,490	182,074

26. Derivative Financial Instruments

Occasionally, the Parent Company enters into forward exchange contracts as an accommodation to its clients. These derivatives are not designated as accounting hedges.

As of December 31, 2019 and 2018, the aggregate notional amount of outstanding forwards and its weighted average rate are as follows:

		2019		2018	
		Notional Amount	Weighted Average Rate	Notional Amount	Weighted Average Rate
US Dollar					
	Buy	$548,790	₱51.52	$515,771	₱53.52
	Sell	$297,009	₱51.10	$313,379	₱51.41
Euro					
	Buy	€29,000	₱56.56	€127,100	₱59.95
	Sell	€17,709	₱55.88	–	–
Japanese Yen					
	Buy	¥2,189,180	₱0.46	–	–
Singapore Dollar					
	Sell	SGD541	₱37.66	–	–

The aggregate notional amounts of the outstanding buy US Dollar NDF as of December 31, 2019 and 2018 amounted to nil and US$40.00 million, respectively. The weighted average buy NDF rate as of December 31, 2018 is ₱52.93.

The aggregate notional amounts of the outstanding Futures as of December 31, 2019 and December 31, 2018 amounted to US$40 million and US$5 million, respectively.

The aggregate notional amounts of the outstanding IRS as of December 31, 2019 and 2018 amounted to ₱26.524 billion and ₱11.366 billion, respectively.

As of December 31, 2019 and 2018, the fair values of derivatives follow:

	2019		2018	
	Derivative Asset	**Derivative Liability**	Derivative Asset	Derivative Liability
Currency forwards	**₱113,384**	**₱425,976**	₱339,190	₱362,689
IRS	**528,238**	**610,077**	58,390	90,530
Futures	**16,439**	–	–	1,931
Warrants	**9,889**	–	10,268	–
	₱667,950	**₱1,036,053**	₱407,848	₱455,150

Fair Value Changes of Derivatives

The net movements in fair value changes of derivative instruments are as follows:

	2019	2018
Balance at beginning of year	**(₱47,303)**	₱66,053
Fair value changes during the year	**326,366**	(288,211)
Settled transactions	**(647,167)**	174,855
Balance at end of year	**(₱368,104)**	(₱47,303)

The net movements in the value of the derivatives are presented in the statements of income under the following accounts:

	2019	2018	2017
Foreign exchange gain (loss)	**(₱289,093)**	(₱82,585)	₱96,401
Trading and securities gain (loss)* (Note 21)	**(31,708)**	(30,771)	(3,437)
	₱(320,801)	₱(113,356)	₱92,964

*Net movements in the value related to embedded credit derivatives and IRS.

In 2019, the Parent Company established a monitoring process to properly account for the net movements in the value of foreign exchange contracts which pertain to funding and trading activities.

Funding activities pertain to activities undertaken by the Parent Company to obtain funds in one currency in exchange of another currency through the use of foreign exchange derivatives. For the year ended December 31, 2019, the account "Foreign exchange gains (losses)" in the statement of income consisted of the net movements in the value of foreign exchange contracts amounting to ₱402.93 million loss and ₱646.69 million gain for funding and trading activities, respectively.

Derivative contracts designated as hedges

In 2019, the Parent Company designated an interest rate swap contract (IRS) to hedge the cash flow variability of its floating rate bonds payable As of December 31, 2019, the fair value of the IRS designated as a hedging instrument amounted to ₱51.95 million with a notional amount of US$150.00 million.

The IRS designated as cash flow hedges has the same principal terms as the hedged bonds payable (Note 18). Accordingly, as of December 31, 2019, the Parent Company assessed that the hedging relationship is expected to be highly effective and no ineffective portion was recognized in profit or loss.

Net interest income on the derivative liabilities designated as hedges amounted to ₱14.27 million in 2019. Also, in 2019, the amount of gain or loss reclassified from the cash flow hedge reserve to profit or loss under net interest income amounted to ₱0.50 million.

27. Lease Contracts

The lease contracts are for periods ranging from one to 25 years from the dates of contracts and are renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.00% to 10.00%.

Annual rentals on these lease contracts included in ‘Occupancy cost’ in the statements of income in 2018 and 2017 amounted to ₱844.24 million and ₱782.30 million, respectively, for the Group, and ₱541.24 million and ₱518.47 million, respectively, for the Parent Company.

As of December 31, 2018, future minimum rentals payable of the Group and the Parent Company under non−cancelable operating leases follow:

	Consolidated	Parent Company
Within one year	₱578,761	₱564,852
After one year but not more than five years	2,402,298	1,951,017
After five years	1,743,518	1,338,024
	₱4,724,577	₱3,853,894

The Group and the Parent Company have also entered into commercial property leases on its investment properties (Note 13).

Future minimum rentals receivable under noncancellable operating leases follow:

	Consolidated		**Parent Company**	
	2019	2018	**2019**	2018
Within one year	**₱6,146**	₱10,906	**₱6,146**	₱9,068
After one year but not more than five years	**12,705**	19,688	**8,162**	13,202
After more than five years	**13,518**	15,466	−	−
	₱32,369	₱46,060	**₱14,308**	₱22,270

28. **Income and Other Taxes**

Income taxes include corporate income tax and FCDU final taxes, as discussed below, and final tax paid at the rate of 20.00% on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the statements of income.

Republic Act (RA) No. 9337, An Act Amending National Internal Revenue Code, provides that RCIT rate shall be 30.00% while interest expense allowed as a deductible expense is reduced to 33.00% of interest income subject to final tax.

An MCIT of 2.00% on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreignbanks is tax−exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% gross income tax.

Interest income on deposit placements with other FCDUs and OBUs is taxed at 7.50% (now 15% effective January 1, 2018), while all other income of the FCDU is subject to the 30.00% corporate tax.

Relevant Tax Updates

Republic Act 10963, The Tax Reform for Acceleration and Inclusion (TRAIN), is first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2018 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.5%, tax on interest income of foreign currency deposit was increased to 15% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

RR 4-2011

On March 15, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 4−2011 which prescribed the attribution and allocation of expenses between FCDUs/EFCDUs or OBU and RBU and within RBU.

On April 6, 2015, the Bank and other member banks of the Bankers Association of the Philippines (BAP), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati (Makati Trial Court). Further, in Civil Case No. 15-287, the Bank and other BAP member banks assailed the validity of RR 4-2011 on the ground, among others, that (a) the RR violates the petitioner-banks substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribes method of allocation; and (e) it violates the equal protection clause of the Constitution.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 25, 2015, Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 4-2011 against the Bank and other BAP member banks, including issuing Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Bank and other BAP member banks are concerned.

On May 25, 2019, the Makati Trial Court issued a decision annulling RR 4-2011 and making the Writ of Preliminary Injunction permanent.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company’s net revenue.

The provision for income tax consists of:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Current						
Final tax	**₱1,420,644**	₱908,756	₱677,450	**1,402,657**	₱836,560	₱607,136
RCIT	**962,712**	1,070,191	977,968	**680,187**	926,792	829,109
MCIT	–	46,051	–	–	–	–
	2,383,356	2,024,998	1,655,418	**2,082,844**	1,763,352	1,436,245
Deferred	**(870,707)**	246,424	(166,241)	**(405,124)**	495,882	206,239
	₱1,512,649	₱2,271,422	₱1,489,177	**₱1,677,720**	₱2,259,234	₱1,642,484

The details of net deferred tax assets (liabilities) follow:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Net deferred tax assets on:				
Allowance for impairment and credit losses	**₱3,670,628**	₱2,806,637	**₱2,845,003**	₱2,340,436
Revaluation Increment on land (Notes 11 and 22)	**(547,405)**	(547,405)	**(547,405)**	(547,405)
Fair value adjustments on asset foreclosure and dacion transactions - net of depreciated portion	**271,947**	346,238	**23,376**	25,437
Net defined benefit asset	**(166,955)**	(243,812)	**(151,420)**	(228,277)
Others	**142,734**	151,231	**118,402**	149,029
	₱3,370,949	₱2,514,889	**₱2,287,956**	₱1,739,220

Deferred tax liabilities of the Group arose mainly from fair value adjustments related to the acquisition of PDB and Unity Bank.

The Group did not set up deferred tax assets on the following temporary differences as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Allowance for impairment and credit losses	**₱1,684,183**	₱2,809,469	**₱–**	₱163,062
Accrued compensated absences	**57,182**	–	–	–
NOLCO	–	329,959	–	–
Excess of MCIT over RCIT	**83,204**	46,122	–	–
Others	**34,065**	34,572	–	–
	₱1,858,634	₱3,220,122	**₱–**	₱163,062

As of December 31, 2019, details of the Subsidiary's NOLCO are as follows:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2016	₱–	₱–	₱–	₱–	2016
2017	–	–	–	–	2017
2018	288,559	288,559	–	–	2018
2019	–	–	–	–	2019
	₱288,559	₱288,559	₱–	₱–	

As of December 31, 2019, details of the excess of MCIT over RCIT of the Subsidiary follow:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2016	₱35,414	₱35,313	₱101	₱–	2016
2017	–	–	–	–	2017
2018	46,643	–	–	46,643	2018
2019	36,560	–	–	36,560	2019
	₱118,618	₱35,313	₱101	₱83,204	

The reconciliation of the statutory income tax to the provision for income tax follows:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Statutory income tax	**₱3,476,286**	₱3,116,258	₱2,703,632	**₱3,524,004**	₱3,110,883	₱2,746,937
Tax effects of						
FCDU income	**(730,776)**	(250,305)	(498,029)	**(714,703)**	(252,809)	(496,062)
Non-taxable income	**(690,059)**	(984,372)	(939,179)	**(1,458,268)**	(895,392)	(837,850)
Interest income subjected to final tax	**(1,609,292)**	(318,857)	(279,914)	**(622,878)**	(276,675)	(266,103)
Nondeductible expenses	**1,439,020**	827,904	771,915	**1,244,697**	676,253	612,065
Others	**(372,530)**	(119,204)	(269,248)	**(295,132)**	(103,027)	(116,503)
Provision for income tax	**₱1,512,649**	₱2,271,424	₱1,489,177	**₱1,677,720**	₱2,259,223	₱1,642,484

29. **Trust Operations**

Securities and other properties (other than deposits) held by the Parent Company in fiduciary or agency capacities for clients and beneficiaries are not included in the accompanying balance sheets since these are not assets of the Parent Company (Note 31).

In compliance with the requirements of current banking regulations relative to the Parent Company's trust functions : (a) government bonds included under HFT financial assets and financial assets at FVOCI with total face value of ₱1.87 billion and ₱1.78 billion as of December 31, 2019 and 2018, respectively, are deposited with the BSP as security for the Parent Company's faithful compliance with its fiduciary obligations (Note 9); and (b) a certain percentage of the Parent Company's trust fee income is transferred to surplus reserve. This yearly transfer is required until the surplus reserve for trust function equals 20.00% of the Parent Company's authorized capital stock.

30. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- significant investors
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post–employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are normally made in the ordinary course of business and based on the terms and conditions discussed below.

Transactions with Retirement Plans

Under PFRS, certain post–employment benefit plans are considered as related parties. The Group has business relationships with a number of its retirement plans pursuant to which it provides trust and management services to these plans. Income earned by the Group and Parent Company from such services amounted to₱50.78 million and ₱44.70 million, respectively, in 2019, ₱47.60 million and ₱44.38 million, respectively, in 2018, and ₱42.89 million and ₱41.69 million, respectively, in 2017.

The Group's retirement funds may hold or trade the Parent Company's shares or securities. Significant transactions of the retirement fund, particularly with related parties, are approved by the Trust Investment Committee (TIC) of the Parent Company. The members of the TIC are directors and key management personnel of the Parent Company.

A summary of transactions with related party retirement plans follows:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Deposits in banks	**₱52,757**	₱560,672	**₱39,407**	₱399,395
Financial assets at FVOCI	**1,367,210**	1,479,097	**1,367,210**	1,479,097
Dividend income	**48,126**	45,301	**48,126**	45,301
Interest income	**21,484**	16,882	**18,975**	13,311
Total market value of shares	**1,367,210**	1,479,097	**1,367,210**	1,479,097
Number of shares held	**54,688**	54,579	**54,688**	54,579

In 2017, dividend income and interest income of the retirement plan from investments and placements in the Parent Company amounted to ₱45.75 million and ₱2.07 million, respectively, for the Group, and ₱47.75 million and ₱1.52 million, respectively, for the Parent Company.

Financial assets at FVOCI represent shares of stock of the Parent Company. Voting rights over the Parent Company's shares are exercised by an authorized trust officer.

Remunerations of Directors and other Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the ManCom to constitute key management personnel for purposes of PAS 24.

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Short−term employee benefits	**₱550,767**	₱533,995	₱482,345	**₱468,271**	₱441,361	₱408,311
Post−employment benefits	**5,395**	5,064	2,501	**4,718**	4,418	2,501
	₱556,162	₱539,059	₱484,846	**₱472,989**	₱445,779	₱410,812

Members of the BOD are entitled to a per diem of ₱500.00 for attendance at each meeting of the Board or of any committees and to four percent (4.00%) of the Parent Company's net earnings, with certain deductions in accordance with BSP regulation. Non−executive directors do not receive any performance−related compensation. Directors' remuneration covers all Parent Company's Board activities and membership of committees and subsidiary companies.

The Group also provides banking services to directors and other key management personnel and persons connected to them. These transactions are presented in the tables below.

Other Related Party Transactions
Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Transactions between the Group and its associated companies also qualify as related party transactions. Details of the Parent Company's subsidiaries and associate are disclosed in Notes 1 and 10.

Group
Related party transactions of the Group by category of related party are presented below.

	December 31, 2019		
Category	**Amount / Volume**	**Outstanding Balance**	**Terms and Conditions**
Significant Investor			
Loans and receivables	**₱–**	**₱2,345,300**	Partially secured Loans with interest rate of 2 − 5.12% and maturity of two to seven years.
Issuances	–	–	
Repayments	**(4,421,200)**	–	
Deposit liabilities	–	**1,496**	These are checking accounts with annual average rate of 0.13%.
Deposits	**1,123**	–	
Withdrawals	–	–	
Associate			
Deposit liabilities	–	**300,620**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**666,996**	–	
Withdrawals	**(532,748)**	–	
Key Management Personnel			
Loans and receivables	**–**	**427**	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuances	**–**	–	
Repayments	**(61)**	–	
Deposit liabilities	–	**78,763**	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**255,582**	–	
Withdrawals	**(257,836)**	–	
Other Related Parties			
Deposit liabilities	–	**389,714**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**22,632,109**	–	
Withdrawals	**(22,523,755)**	–	

Category	Amount / Volume	Outstanding Balance	Terms and Conditions
	December 31, 2018		
Significant Investor			
Loans and receivables		₱6,766,500	Partially secured Loans with interest rate of 2 – 5.12% and maturity of two to seven years.
Issuances	₱86,125,000		
Repayments	(2,350,000)		
Deposit liabilities		374	These are checking accounts with annual average rate of 0.13%.
Deposits	2,532,609		
Withdrawals	(2,532,493)		
Associate			
Deposit liabilities		166,372	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	487,691		
Withdrawals	(399,123)		
Key Management Personnel			
Loans and receivables		488	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuances	388		
Repayments	(39,213)		
Deposit liabilities		79,241	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	406,225		
Withdrawals	(350,120)		
Other Related Parties			
Deposit liabilities		238,933	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	35,337,503		
Withdrawals	(35,165,054)		

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2019, 2018, and 2017 follow:

	Significant Investor			**Associate**		
	2019	2018	2017	**2019**	2018	2017
Interest income	**₱46,906**	₱42,601	₱169,706	**₱–**	₱–	₱–
Interest expense	**2**	3	61	**655**	168	1,849

	Key Management Personnel			**Other Related Parties**		
	2019	2018	2017	**2019**	2018	2017
Interest income	**₱26**	₱7,921	₱17,102	**₱–**	₱–	₱–
Interest expense	**1,952**	2,121	47	**2,376**	2,129	69

Related party transactions of the Group with significant investor, associate and other related parties pertain to transactions of the Parent Company with these related parties.

Parent Company

Related party transactions of the Parent Company by category of related party, except those already presented in the Group disclosures, are presented below.

Category	**Amount / Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
	December 31, 2019		
Significant Investor			
Loans and receivables		**2,345,300.00**	Partially secured Loans with interest rate of 2 - 5.25% and maturity of two to seven years.
Issuances			
Repayments	**(4,421,200.00)**		
Deposit liabilities		**₱1.49 6**	These are checking accounts with annual average rate of 0.13%.
Deposits	**₱1,123**		
Withdrawals			
Subsidiaries			
Deposit liabilities		**481,247**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**3,673,806**		
Withdrawals	**(3,306,898)**		
Associate			
Deposit liabilities		**300,538**	These are savings accounts with annual average interest rates ranging from0.25% to 1.00%.
Deposits	**666,995**		
Withdrawals	**(532,748)**		

(Forward)

Category	December 31, 2019 Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		**426.50**	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%
Issuances			
Repayments	**(61.14)**		
Deposit liabilities		**27,009**	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**229,243**		
Withdrawals	**(216,803)**		
Other Related Parties			
Deposit liabilities		**168,085**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**22,528,359**		
Withdrawals	**(22,474,211)**		

Category	December 31, 2018 Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		₱6,766,500	These are secured loans with interest rate of 5.13% and maturity of four years; collateral includes shares of stocks with fair value of ₱28.44 billion
Issuances	₱86,125,000		
Repayments	(2,350,000)		
Deposit liabilities		374	These are checking accounts with annual average rate of 0.13%.
Deposits	2,532,609		
Withdrawals	(2,532,493)		
Subsidiaries			
Deposit liabilities		114,339	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	3,668,567		
Withdrawals	(3,587,029)		
Associate			
Deposit liabilities		₱166,291	These are savings accounts with annual average interest rates ranging from0.25% to 1.00%.
Deposits	₱487,691		
Withdrawals	(399,123)		
Key Management Personnel			
Loans and receivables		488	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%
Issuances	388		
Repayments	(39,213)		
Deposit liabilities		14,569	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	365,236		
Withdrawals	(369,439)		
Other Related Parties			
Deposit liabilities			These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	35,229,849	113,937	
Withdrawals	(35,167,475)		

In 2019 and 2017, the Parent Company sold its investment property to a related party for a total cash selling price of ₱382.33 million and ₱161.58 million, respectively, and recognized gain of ₱377.18 million and ₱142.61 million, respectively.

The related party transactions shall be settled in cash. There are no provisions for credit losses in 2019, 2018 and 2017 in relation to amounts due from related parties.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2019, 2018 and 2017 follow:

	Subsidiaries			**Associate**		
	2019	2018	2017	**2019**	2018	2017
Interest expense	**₱743**	₱375	₱46	**₱654**	₱168	₱1,849

	Key Management Personnel			**Other Related Parties**		
	2019	2018	2017	**2019**	2018	2017
Interest income	**₱26**	₱11,277	₱46	**₱–**	₱–	₱–
Interest expense	**36**	19	47	**210**	131	69

	Significant Investor		
	2019	2018	2017
Interest income	**₱46,906**	₱42,601	₱169,706
Interest expense	**2**	3	61

Outright purchases and outright sale of debt securities of the Parent Company with its subsidiaries in 2019 and 2018 follow:

	Subsidiaries	
	2019	2018
Peso−denominated		
Outright purchase	**₱3,390,547**	₱817,030
Outright sale	**854,135**	4,246,628
Dollar – denominated (equity)		
Outright purchase	**6,550**	5,117
Outright sale	**450**	41,400

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	2019	2018	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱1,144**	₱1,242	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	**2,270**	2,270	This pertains to the rental deposits with CBSI for office space leased out to the Parent Company
Accounts payable	**12,941**	4,858	This pertains to various unpaid rental to CBSI

	Subsidiaries			
	2019	2018	2017	**Nature, Terms and Conditions**
Income Statement				
Miscellaneous income	**₱1,800**	₱1,800	₱1,800	Human resources functions provided by the Parent Company to its subsidiaries (except CBC Forex and Unity Bank) such as recruitment and placement, training and development, salary and benefits development, systems and research, and employee benefits. Under the agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee
Occupancy cost	**20,067**	19,937	24,532	Certain units of the condominium owned by CBSI are being leased to the Parent Company for a term of five years, with no escalation clause
Miscellaneous expense	**222,414**	204,749	193,651	This pertains to the computer and general banking services provided by CBC−PCCI to the Parent Company to support its reporting requirements

31. Commitments and Contingent Assets and Liabilities

In the normal course of the Group’s operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these transactions.

There are several suits, assessments or notices and claims that remain contested. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group’s and the Parent Bank’s financial position and results of operations.

32. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the markets served, with each segment representing a strategic business unit.

The Group's business segments are as follows:

a. Lending Business – principally handles all the lending, trade finance and corollary banking products and services offered to corporate and institutional customers as well as selected middle market clients. It also handles home loans, contract–to–sell receivables, auto loans and credit cards for individual and/or corporate customers. Aside from the lending business, it also provides cash management services and remittance transactions;

b. Retail Banking Business – principally handles retail and commercial loans, individual and corporate deposits, overdrafts and funds transfer facilities, trade facilities and all other services for retail customers;

c. Financial Markets – principally provides money market, trading and treasury services, manages the Group's funding operations by the use of government securities, placements and acceptances with other banks as well as offers advisory and capital–raising services to corporate clients and wealth management services to high–net–worth customers; and

d. Others – handles other services including but not limited to trust and investment management services, asset management, insurance brokerage, credit management, thrift banking business, operations and financial control, and other support services.

The Group's businesses are organized to cater to the banking needs of market segments, facilitate customer engagement, ensure timely delivery of products and services as well as achieve cost efficiency and economies of scale. Accordingly, the corresponding segment information for all periods presented herein are restated to reflect suchchange.

The Group reports its primary segment information to the Chief Operating Decision Maker (CODM) on the basis of the above–mentioned segments. The CODM of the Group is the President.

Segment assets are those operating assets that are employed by a segment in its operating activities that are either directly attributable to the segment or can be allocated to the segment on a reasonablebasis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on its assets' and liabilities' repricing or maturity date using market-based yield curve approved by the Asset Liability Committee (ALCO).

Other operating income mainly consists of trading and securities gain (loss) − net, service charges, fees and commissions, trust fee income and foreign exchange gain − net. Other operating expense mainly consists of compensation and fringe benefits, provision for impairment and credit losses, taxes and licenses, occupancy, depreciation and amortization, stationery, supplies and postage and insurance. Other operating income and expense are allocated between segments based on equitable sharing arrangements.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenues.

The Group's asset producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented.

The following tables present relevant financial information regarding business segments measured in accordance with PFRS as of and for the years ended December 31, 2019, 2018 and 2017:

	Lending Business			Retail Banking Business		
	2019	2018	2017	**2019**	2018	2017
Results of Operations						
Net interest income						
Third party	**₱24,613,498**	₱19,034,015	₱13,876,995	**(₱5,338,849)**	(₱871,505)	₱855,933
Intersegment	**(18,388,536)**	(12,956,205)	(8,438,704)	**18,020,023**	11,763,393	7,915,744
	6,224,962	6,077,810	5,438,291	**12,681,174**	10,891,888	8,771,677
Other operating income	**2,281,689**	1,794,959	1,317,298	**2,209,567**	1,619,591	1,465,962
Total revenue	**8,506,651**	7,872,769	6,755,589	**14,890,741**	12,511,479	10,237,639
Other operating expense	**(5,608,740)**	(1,559,750)	(2,294,490)	**(10,229,225)**	(7,138,661)	(6,536,859)
Income before income tax	**2,897,911**	6,313,019	4,461,099	**4,661,516**	5,372,818	3,700,780
Provision for income tax	**(45,149)**	210,176	236,856	**(419,750)**	–	–
Net income	**₱2,852,762**	₱6,523,195	₱4,697,955	**₱4,241,766**	₱5,372,818	₱3,700,780
Total assets	**₱438,731,372**	₱376,187,705	₱299,052,197	**₱516,900,229**	₱471,540,704	₱431,622,883
Total liabilities	**5,042,977**	4,819,787	1,171,742	**569,897,912**	499,955,967	444,030,414
Depreciation and amortization	**54,477**	73,475	61,988	**1,185,539**	437,201	378,597
Provision for impairment and credit losses	**₱1,836,780**	₱(328,404)	₱668,360	**₱443,621**	₱103,780	₱238,645
Capital expenditures	**₱29,405**	₱66,105	₱63,136	**₱177,348**	₱148,179	₱118,378

	Financial Markets			Other Business and Support Units		
	2019	2018	2017	**2019**	2018	2017
Results of Operations						
Net interest income						
Third party	**₱3,462,384**	₱4,028,486	₱1,661,494	**₱3,314,263**	₱735,189	₱3,231,982
Intersegment	**1,041,115**	(434,176)	1,124,033	**(672,603)**	1,626,988	(601,073)
	4,503,499	3,594,310	2,785,527	**2,641,660**	2,362,177	2,630,909
Other operating income	**1,994,224**	522,523	879,737	**1,945,308**	1,721,223	2,438,697
Total revenue	**6,497,723**	4,116,833	3,665,264	**4,586,968**	4,083,400	5,069,606
Other operating expense	**(1,853,424)**	(916,021)	(1,264,773)	**(5,203,075)**	(8,582,525)	(6,619,869)
Income before income tax	**4,644,299**	3,200,812	2,400,491	**(616,107)**	(4,499,125)	(1,550,263)
Provision for income tax	**(1,240,335)**	(730,643)	(547,624)	**192,584**	(1,750,956)	(1,178,409)
Net income	**₱3,403,964**	₱2,470,169	₱1,852,867	**(₱423,523)**	₱(6,250,081)	(₱2,728,672)
Total assets	**₱230,368,926**	₱170,463,397	₱168,052,729	**(₱223,774,545)**	(₱152,120,165)	(₱147,280,299)
Total liabilities	**₱118,786,174**	₱88,040,610	₱140,321,883	**₱172,323,324**	₱185,398,690	₱82,267,974
Depreciation and amortization	**₱52,328**	₱49,433	₱41,852	**₱650,317**	₱737,576	₱735,052
Provision for impairment and credit losses	**₱92,689**	₱51,689	₱–	**₱197,078**	₱314,011	(₱152,834)
Capital expenditures	**₱8,542**	₱60,838	₱63,795	**₱209,829**	₱299,388	₱389,402

	Total		
	2019	2018	2017
Results of Operations			
Net interest income			
Third party	**₱26,051,296**	₱22,926,185	₱19,626,404
Intersegment	–	–	–
	26,051,296	22,926,185	19,626,404
Other operating income	**8,430,788**	5,658,296	6,101,694
Total revenue	**34,482,083**	28,584,481	25,728,098
Other operating expense	**(22,894,464)**	(18,196,957)	(16,715,991)
Income before income tax	**11,587,619**	10,387,524	9,012,107
Provision for income tax	**(1,512,650)**	(2,271,423)	(1,489,177)
Net income	**₱10,074,969**	₱8,116,101	₱7,522,930
~~Total assets~~	**₱962,225,982**	₱866,071,641	₱751,447,510
~~Total liabilities~~	**₱866,050,387**	₱778,215,054	₱667,792,013
~~Depreciation and amortization~~	**₱1,942,661**	₱1,297,685	₱1,217,489
Provision for impairment and credit losses	**₱2,570,168**	₱141,076	₱754,171
Capital expenditures	**₱425,124**	₱574,510	₱634,711

The Group's share in net income of an associate included in other operating income amounting to ₱184.66 million , ₱101.01 million and ₱73.13 million in 2019, 2018 and 2017, respectively are reported under 'Other Business and Support Units'.

33. Earnings Per Share

Basic EPS amounts are calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year (adjusted for stock dividends).

The following reflects the income and share data used in the basic earnings per share computations:

	2019	2018	2017
a. Net income attributable to equity holders of the parent	**₱10,068,960**	₱8,110,379	₱7,513,972
b. Weighted average number of common shares outstanding (Note 23)	**2,685,900**	2,685,826	2,581,182
c. EPS (a/b)	**₱3.75**	₱3.02	₱2.91

As of December 31, 2019, 2018 and 2017, there were no outstanding dilutive potential common shares.

34. Supplementary Information for Cash Flow Analysis

The following is a summary of certain non−cash investing activities that relate to the analysis of the statements of cash flows:

	Consolidated		
	2019	2018	2017
Addition to investment properties from settlement of loans	**₱832,290**	₱523,343	₱579,089
Fair value gain in AFS financial assets	**892,644**	(451,786)	158,946
Cumulative translation adjustment	**98,830**	(52,900)	(15,970)
Addition to chattel mortgage from settlement of loans	**618,298**	626,182	559,283

	Parent Company		
	2019	2018	2017
Addition to investment properties from settlement of loans	**₱471,020**	₱240,680	₱126,652
Fair value gain in AFS financial assets	**670,487**	(381,791)	113,020
Cumulative translation adjustment	**81,518**	(58,792)	(16,197)
Addition to chattel mortgage from settlement of loans	**10,332**	20,135	10,824

The following table shows the reconciliation analysis of liabilities arising from financing activities for the period ended December 31, 2019:

	2019	2018
Balance at beginning of year	**₱39,826,532**	₱20,118,031
Cash flows during the year		
Proceeds	**180,468,980**	184,568,424
Settlement	**(147,998,921)**	(171,215,735)
Non−cash changes		
Foreign exchange movement	**(1,319,934)**	4,132,800
Amortization of transaction cost	**(200,852)**	2,223,012
Balance at end of year	**₱70,775,804**	₱39,826,532

35. Offsetting of Financial Assets and Liabilities

The amendments to PFRS 7 require the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosedin the succeeding table.

December 31, 2019

Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a−b]	Effects of remaining rights of set−off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c−d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Financial assets						
SPURA	₱5,447,293	₱−	₱5,447,293	₱5,447,293	₱5,447,293	₱−
Currency forwards	101,067	−	101,067	10,786	−	90,281
IRS	2,082	−	2,082	15	−	2,067
	₱5,550,442	₱−	₱5,550,442	₱5,458,094	₱5,447,293	₱92,348
Financial liabilities						
Bills payable	₱21,867,053	₱−	₱21,867,053	₱19,385,705	₱19,706,128	₱2,160,925
Currency forwards	278,942	−	278,942	37,058		241,883
IRS	44,355	−	44,355	10,786	−	33,569
	₱22,190,350	₱−	₱22,190,350	₱19,433,549	₱19,706,128	₱2,436,378

December 31, 2018

Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a−b]	Effects of remaining rights of set−off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c−d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Financial assets						
SPURA	₱7,000,000	₱−	₱7,000,000	₱7,000,000	₱7,000,000	₱0
Currency forwards	129,322	−	129,322	33,933		95,389
IRS	28,198	−	28,198	3,481		24,717
	₱7,157,525	₱−	₱7,157,525	₱7,037,414	₱7,000,000	₱120,106
Financial liabilities						
Bills payable	₱27,372,201	₱−	₱27,372,201	₱34,689,129	₱32,547,479	₱0
Currency forwards	52,249	-	52,249	33,933		18,316
IRS	20,963	−	20,963	4,481		16,482
	₱27,445,413	₱−	₱27,445,413	₱34,727,543	₱32,547,479	₱35,798

The amounts disclosed in column (d) include those rights to set−off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non−cash collateral, excluding the extent of over−collateralization.

36. Approval of the Financial Statements

The accompanying consolidated and parent company financial statements were authorized for issue by the Parent Company's BOD on February 26, 2020.

37. Supplementary Information Required Under BSP Circular 1074

Presented below is the supplementary information required by BSP under Appendix 55 of BSP Circular 1074 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Basic quantitative indicators of financial performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			**Parent Company**		
	2019	2018	2017	**2019**	2018	2017
Return on average equity	**11.04%**	9.54%	10.01%	**11.04%**	9.54%	10.01%
Return on average assets	**1.10%**	1.04%	1.12%	**1.22%**	1.17%	1.27%
Net interest margin	**3.39%**	3.10%	3.11%	**3.26%**	2.97%	2.91%

Description of capital instruments issued

None to report.

Significant credit exposures

The BSP considers that loan concentration exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. As of December 31, 2019 and 2018, the Parent Company does not have credit concentration in any particular industry.

Status of loans

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated					
	2019			2018		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	**₱454,852,808**	**₱4,690,104**	**₱459,542,912**	₱408,396,312	₱3,259,100	₱411,655,412
Consumer lending:						
Housing	**69,504,381**	**2,427,211**	**71,931,592**	57,632,786	1,650,827	59,283,613
Auto	**22,155,296**	**702,476**	**22,857,772**	21,339,654	593,380	21,933,034
Credit Card	**1,209,616**	**304,222**	**1,513,838**	1,178,929	269,362	1,448,291
Others	**10,061,522**	**327,756**	**10,389,278**	4,299,580	139,926	4,439,506
Trade-related lending	**10,954,527**	**242,392**	**11,196,919**	13,794,546	23,319	13,817,865
Others*	**42,358**	**4,471**	**46,829**	51,815	4,701	56,516
	₱568,780,508	**₱8,698,632**	**₱577,479,140**	₱506,693,622	₱5,940,615	₱512,634,237

	Parent Company					
	2019			2018		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lendin g	**₱ 432,104,596**	**₱ 2,229,449**	**₱ 434,334,045**	₱ 380,318,161	₱ 1,086,188	₱ 381,404,349
Consumer lending:						
Housing	**53,033,152**	**1,908,416**	**54,941,568**	41,893,098	1,147,000	43,040,098
Auto	**7,956,005**	**185,153**	**8,141,158**	8,086,688	107,934	8,194,622
Credit Card	**1,209,616**	**304,222**	**1,513,838**	1,178,928	269,361	1,448,289
Others	**1,463**	**-**	**1,463**	1,521		1,521
Trade-related lending	**10,666,662**	**235,906**	**10,902,568**	12,914,287	23,319	12,937,606
Others*	**34,340**	**1**	**34,341**	39,489	271	39,760
	₱ 505,005,834	**₱ 4,863,147**	**₱ 509,868,981**	₱ 444,432,172	₱ 2,634,073	₱ 447,066,245

Loans per security

As of December 31, 2019 and 2018, secured and unsecured non−performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Secured	**₱3,177,507**	₱2,771,745	**₱935,742**	₱493,929
Unsecured	**5,521,125**	3,173,971	**3,927,405**	2,140,143
	₱8,698,632	₱5,945,716	**₱4,863,147**	₱2,634,072

According to BSP Circular 941 *Amendments to the Regulations on Past Due and Non−Performing Loans* effective January 1, 2018, loans shall be considered non−performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non−performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Secured liability and assets pledged as security

As of December 31, 2019, the carrying amount of foreign currency−denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱9.00 billion. The carrying amount of peso−denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱10.39 billion.

The fair value of investment securities at amortized cost pledged as collateral amounted to ₱19.71 billion as of December 31, 2019.

As of December 31, 2018, the carrying amount of foreign currency−denominated investment securities at amortized cost and FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱13.32 billion and ₱0.73 billion, respectively. The carrying amount of peso−denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱20.69 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱31.86 billion as of December 31, 2019.

Related party loans

As required by the BSP, the Group discloses loan transactions with its and affiliates and investees and with certain directors, officers, stockholders and related interests (DOSRI). Under existing banking regulations, the limit on the amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the regulatory capital or 15.00% of the total loan portfolio, whichever is lower. These limits do not apply to loans secured by assets considered as non−risk as defined in the regulations.

BSP Circular No. 423, dated March 15, 2004, amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said Circular:

	Consolidated			
	2019		2018	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans	**₱3,782,090**	**₱56,663,748**	₱10,273,436	₱39,862,519
Percent of DOSRI/Related Party loans to total loan portfolio	**0.65%**	**9.81%**	2.00%	7.77%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**5.16%**	**76.60%**	1.78%	68.57%
Percent past due DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–
Percent of non−performing DOSRI/Related Party loans to total loan portfolio	–	–	–	–

	Parent			
	2019		**2018**	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Outstanding DOSRI loans	**₱3,775,723**	**₱55,832,398**	₱10,268,296	₱39,535,110
Percent of DOSRI/Related Party loans to total loan portfolio	**0.74%**	**10.94%**	2.30%	8.84%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**5.16%**	**77.71%**	1.77%	69.12%
Percent past due DOSRI/Related Party loans to total loan portfolio	–	**–**	–	–
Percent of non−performing DOSRI/Related Party loans to total loan portfolio	–	**–**	–	–

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi−bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi−bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi−bank; and the subsidiaries and affiliates of the lending bank/quasi−bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi−bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty−five (25.00%) of the net worth of the lending bank/quasi−bank to loans of banks/quasi−banks to their subsidiaries and affiliates engaged in energy and power generation.

Commitments and contingencies

The following is a summary of contingencies and commitments of the Group and the Parent Company with the equivalent peso contractual amounts:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Trust department accounts (Note 28)	**₱169,339,175**	₱133,806,226	**₱169,339,175**	₱133,806,226
Committed credit lines	**46,506,112**	122,804,833	**46,506,112**	122,280,671
Unused commercial letters of credit (Note 29)	**18,227,610**	20,978,009	**18,110,275**	20,829,020
Foreign exchange bought	**30,941,342**	37,359,690	**30,941,342**	37,359,690
Foreign exchange sold	**18,229,910**	24,678,551	**18,229,910**	24,678,551
Credit card lines	**11,048,767**	12,568,703	**11,048,767**	12,568,703
IRS receivable	**26,523,850**	11,366,980	**26,523,850**	11,366,980
Outstanding guarantees issued	**1,022,261**	944,262	**688,045**	420,100
Inward bills for collection	**4,423,799**	2,563,604	**4,423,799**	2,563,604
Standby credit commitment	**2,200,316**	3,149,787	**2,200,316**	3,149,787
Spot exchange sold	**11,965,938**	3,624,709	**11,965,938**	3,624,709
Spot exchange bought	**10,896,547**	3,247,995	**10,896,547**	3,247,995
Deficiency claims receivable	**285,745**	287,647	**285,745**	287,647
Late deposits/payments received	**525,953**	495,347	**492,597**	458,675
Outward bills for collection	**88,197**	55,135	**86,344**	53,211
Others	**37,114**	1,846	**36,951**	1,694

38. Supplementary Information Required Under RR No. 15−2010

In compliance with the requirements set forth by RR No. 15−2010, hereunder are the details of percentage and other taxes paid or accrued by the Parent Company in 2019.

Gross receipts tax	₱1,722,992
Documentary stamps tax	1,322,819
Local taxes	76,196
Fringe benefit tax	13,669
Others	20,173
Balance at end of year	₱3,155,849

Withholding Taxes
Details of total remittances of withholding taxes in 2019 and amounts outstanding as of December 31, 2019 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	₱3,362,053	₱261,612
Withholding taxes on compensation and benefits	555,303	31,699
Expanded withholding taxes	149,719	10,235
	₱4,067,075	₱303,546

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
China Banking Corporation
8745 Paseo de Roxas cor. Villar St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of China Banking Corporation and Subsidiaries (the Group) and the financial statements of China Banking Corporation (the Parent Bank) as at December 31, 2019, included in this Form 17-A, and have issued our report thereon dated February 26, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-AR-1 (Group A),
September 18, 2018, valid until September 17, 2021
Tax Identification No. 216-950-288
BIR Accreditation No. 08-001998-107-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125208, January 7, 2020, Makati City

February 26, 2020

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CHINA BANKING CORPORATION
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2019

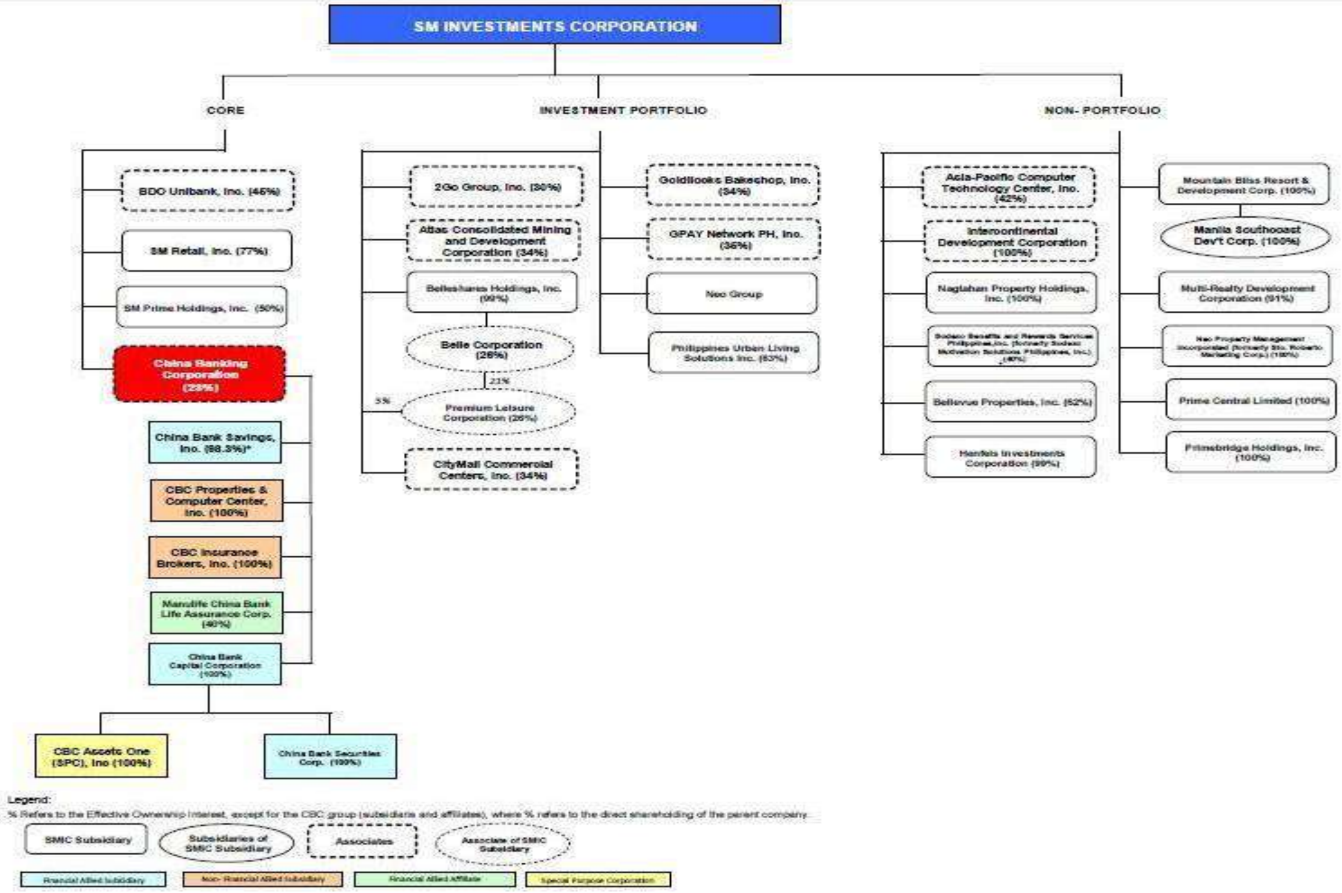
CHINA BANKING CORPORATION
8745 Paseo de Roxas corner Villar Street Makati City

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2019
(Amounts in Thousands)

Unappropriated Retained Earnings, Beginning		**₱40,497,256**
Adjustments:		
Prior years non-actual/unrealized income net of tax (2007-2018)	(₱5,022,666)	
Transfer of revaluation increment to surplus	(1,277,277)	
Prior years net earnings of subsidiaries not available for dividends	(1,603,988)	
		(7,903,932)
Unappropriated Retained Earnings, As adjusted, Beginning		**32,593,324**
Add: Net income during the period	**10,068,960**	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate	184,661	
Fair value adjustments (Mark-to-Market gains)	139,794	
Net earnings of subsidiaries not available for dividends	770,628	
Fair value adjustments of investment property resulting to gain	218,603	
Provision for deferred taxes	(405,124)	
Sub-total	**908,562**	
Add: Non-actual losses		
Loss on fair value adjustment on investment property (after tax)	**83,033**	
Net income actually earned/ realized during the period		**9,243,432**
Less: Cash dividend declared during the period	2,363,592	
Appropriation of Retained Earnings during the period	(468,442)	
Transfer from surplus to Surplus Reserves	35,708	
Realized loss on sale of equity investments at FVOCI	76,597	
		(2,007,455)
Unappropriated Retained Earnings, Ending, Available for Dividend Declaration		**₱39,829,301**

CHINA BANKING CORPORATION
8745 Paseo de Roxas corner Villar Street Makati City

SCHEDULE II
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT SUBSIDIARIES, AN ASSOCIATE, AND JOINT VENTURE



China Banking Corporation
Schedule A – Financial Assets
December 31, 2019
(Amounts in Thousands)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Valued based on market quotation at end of reporting period	Income accrued
Financial Assets at Fair Value through Profit or Loss				
Treasury Notes	₱2,274,755	₱2,386,226	₱2,386,226	₱44,461
Government Bonds	7,870,979	8,451,126	8,451,126	59,574
Treasury Bills	1,397,410	1,378,137	1,378,137	–
Private Bonds	4,340,404	4,372,734	4,372,734	22,912
Equities	8,806 shares	466,445	466,445	–
	759,525	777,493	777,493	17,801
Derivative assets	658,061	658,061	658,061	44,885
	20 warrants	9,889	9,889	–
		₱18,500,111	₱18,500,111	₱189,633
Financial Assets at Fair Value through Other Comprehensive Income				
Government Bonds	₱20,263,512	₱22,540,516	₱22,540,516	₱184,607
Private Bonds	2,923,953	2,953,271	2,953,271	21,615
Equities	33,293 shares	639,573	639,573	–
		₱26,133,360	₱26,133,360	₱206,222
Financial Assets at Amortized Cost				
Government Bonds	₱116,342,511	₱116,859,352	₱115,600,451	₱1,992,626
Private Bonds	52,381,323	51,343,376	52,569,793	627,455
	₱168,723,835	₱168,202,728	₱168,170,244	₱2,620,081

China Banking Corporation
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2019

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of period

The Group has no receivables from directors, officers, employees, related parties and principal stockholders that did not arise from ordinary course of business.

China Banking Corporation
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2019
(Amounts in Thousands)

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non- Current	Balance at end of period
China Bank Savings	₱1,242	₱1,144	₱1,242	₱–	₱1,144	₱–	₱1,144

China Banking Corporation
Schedule D - Long-Term Debt
December 31, 2019
(Amounts in Thousand)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt’ in related balance sheet	Amount shown under caption “Long-Term Debt” in related balance sheet (	Interest Rate %	Maturity Date
Bonds Payable- CHIB	PHP30,000,000		PHP29,828,359	5.70%	January 10, 2021
Bonds Payable- IFC	USD150,000		USD149,423	3.09%	June 18, 2026

China Banking Corporation
Schedule E - Indebtedness to Related Parties
(Long-term from Related Companies)
December 31, 2019

Name of Related Parties [i]	Balance at beginning of period	Balance at end of period [ii]

None to Report

~~[i] The related parties named shall be grouped as in Schedule D~~. The information called shall be stated for any persons whose investments shown separately in such related schedule.

[ii] For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

China Banking Corporation
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2019

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of guarantee (ii)

None to Report

(i) ~~Indicate in a note any significant changes since the date of the~~ last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
(ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of Dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends soguaranteed.

China Banking Corporation
Schedule G - Capital Stock
December 31, 2019

(Absolute numbers of shares)

Title of Issue [(i)]	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties [(ii)]	Directors, officers and employees	Others [(iii)]
Common stock - ₱10 par value						
Authorized - shares	3,300,000,000					
Issued and outstanding		2,685,899,812		877,970,984	52,722,765	1,755,206,063

[(i)] Include in this column each type of issue authorized
[(ii)] Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
[(iii)] Indicate in a note any significant changes since the date of the last balance sheet filed.

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November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
China Banking Corporation
8745 Paseo de Roxas cor. Villar St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of China Banking Corporation and subsidiaries (the Group) and the financial statements of China Banking Corporation (the Parent Bank) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and have issued our report thereon dated February 26, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-AR-1 (Group A),
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February 14, 2018, valid until February 13, 2021
PTR No. 8125208, January 7, 2020, Makati City

February 26, 2020

SGVFS039096

CHINA BANKING CORPORATION
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

	2019	2018	2017
PROFITABILITY (%)			
Return on Assets[1]	**1.10**	1.04	1.12
Return on Equity[2]	**11.04**	9.54	10.01
Net Interest Margin[3]	**3.39**	3.56	3.60
Cost to Income Ratio	**59**	63	62
LIQUIDITY (%)			
Liquid Assets to Total Assets	**37**	38	36
Loans (net) to Deposit Ratio	**73**	70	71
ASSET QUALITY (%)			
Gross Non-Performing Loans Ratio [4]	**1.5**	1.2	1.4
Non-performing Loan (NPL) Cover[5]	**129**	167	99
SOLVENCY RATIOS			
Debt to Equity Ratio	**9.0**	8.9	8.0
Asset to Equity Ratio	**10.0**	9.9	9.0
Interest Rate Coverage Ratio[6]	**1.5**	1.9	2.3
CAPITALIZATION (%)			
Capital Adequacy Ratio			
CET 1 / Tier 1	**12.76**	12.16	13.47
Total CAR	**13.67**	13.09	14.22

Notes

1. Net income divided by average total assets for the period indicated. Average total assets is based on the average monthly balances for the respective periods indicated.

2. Net income divided by average total equity for the period indicated. Average total equity is based on the average monthly balances for the respective periods indicated.

3. Net interest income divided by average interest-earning assets which is based on the average monthly balances for the respective periods indicated. Interest-earning assets include due from other banks, due from BSP, securities purchased under resale agreement, financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.

4. Total NPLs divided by loans and receivables, net of unearned discount and gross of allowance for credit and impairment losses.

5. The sum of total allowance for impairment and credit losses on receivables from customers and retained earnings appropriated for general loan loss provision divided by total NPLs.

6. Net Income before Tax and Interest Expense divided by Interest Expense

China Banking Corporation
SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC
DECEMBER 31, 2019

	Gross Proceeds as disclosed in the Final Prospectus	Expenditure Items	Net Proceeds as disclosed in the Final Prospectus	Actual Gross Proceeds	Actual Net Proceeds	Balance of theproceeds as of the reporting period
₱30 Billion Peso Fixed Rate Bonds	₱30,000,000	₱257,728	₱29,742,272	₱30,000,000	₱29,742,272	₱–
$150 Million Bonds Payable to IFC	$150,000	$605	$149,395	$150,000	$149,395	–

PROPOSED AMENDMENTS OF BY-LAWS
CHINA BANKING CORPORATION

Schedule A

Changes	From	To	Purpose
Article III (Meeting of Stockholders) Section 4. <u>Notice of Regular Meeting</u>	The regular meeting of stockholders shall be called by written or printed notice delivered personally or deposited in the post office, postage prepaid, addressed to each stockholder at the address appearing in the registry book of the Corporation, not less than fifteen (15) working days prior to the date of such meeting.	The regular meeting of stockholders shall be called by written or printed notice delivered personally**<u>,</u>** or deposited in the post office, postage prepaid, addressed to each stockholder at the address appearing in the registry book of the Corporation, **<u>or by electronic mail (e-mail), or by publication in a newspaper of general circulation,</u>** not less than fifteen (15) working days prior to the date of such meeting.	To comply with Section 49 of the Revised Corporation Code of the Philippines (RCCP) allowing notice via e-mail, and to align with the current practice of the Bank on publication of notice.
Article III (Meeting of Stockholders) Section 5. <u>Notice of Special Meeting</u>	Special meetings shall be called by written or printed notice delivered personally, or deposited in the post office, postage prepaid, addressed to each stockholder at the address appearing in the registry book of the Corporation, not less than fifteen (15) working days prior to the date of such meeting. In such notice there shall appear, in addition to the date, hour and place of meeting, a statement of the matters to be taken up at such meeting.	Special meetings shall be called by written or printed notice delivered personally, or deposited in the post office, postage prepaid, addressed to each stockholder at the address appearing in the registry book of the Corporation, **<u>or by electronic mail (e-mail), or by publication in a newspaper of general circulation,</u>** not less than fifteen (15) working days prior to the date of such meeting. In such notice there shall appear, in addition to the date, hour and place of meeting, a statement of the matters to be taken up at such meeting.	To comply with Section 49 of the RCCP allowing notice via e-mail, and to align with the current practice of the Bank on publication of notice.
Article III (Meeting of Stockholders) Section 6. <u>Quorum</u>	No meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock, exclusive of treasury stock, is represented, except to adjourn from day to day, or until such time as may be deemed proper.	No meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock, exclusive of treasury stock, is represented, except to adjourn from day to day, or until such time as may be deemed proper. **<u>Stockholders who participate through remote communication or *in absentia*, shall be deemed present for purposes of quorum.</u>**	To comply with Sections 23 and 57 of the RCCP allowing the counting of stockholders voting through remote communication or *in absentia* for purposes of quorum.
Article III (Meeting of Stockholders) Section 7. <u>Manner of Voting</u>	In all meetings of stockholders, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed	In all meetings of stockholders, any stockholder who is not delinquent in his subscription shall be allowed to vote in person, **<u>through remote</u>**	To comply with Section 23 of the RCCP, allowing voting through remote communication a nd

	in writing by the stockholder or his duly authorized attorney-in-fact made in accordance with the requirements of existing rules and regulations.	**communication, *in absentia*,** or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, **subject to compliance with** the requirements of existing rules and regulations.	electronic voting *in absentia*.
Article III (Meeting of Stockholders) Section 8. Proxies	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy, however, shall be valid and effective for a period longer than five (5) years at any one time. All proxies must be in the hands of the Secretary not later that three (3) banking days before the time set for the meeting. xxx	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy, however, shall be valid and effective for a period longer than five (5) years at any one time. All proxies must be in the hands of the Secretary not later **than** three (3) banking days before the time set for the meeting. xxx	To correct a clerical error.
Article III (Meeting of Stockholders) Section 9. Closing of Transfer Books or Fixing of Record Date	For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other proper purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period of at least ten (10) banking days. If the stock and transfer books be closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for at least ten (10) banking days immediately preceding such meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders. Such date shall in no case be less than ten (10) banking days prior to the date on which the particular action requiring such determination of stockholders is to be taken,	For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other proper purpose, the stock and transfer books **shall** be closed for **at least twenty (20)** days **for regular meetings and seven (7) days for special meetings before the scheduled date of the meeting.** If the stock and transfer books be closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for **the same number of** days immediately preceding such meeting, except in instances where applicable rules and regulations provide otherwise.	To comply with Section 49 of the RCCP on the closing of the stock and transfer book for regular and special meetings.

	except in instances where applicable rules and regulations provide otherwise.		
Article IV (Board of Directors) Section 1. <u>Composition/Powers</u>	The corporate powers of the Corporation shall be vested in and exercised, its business conducted and its property controlled by a Board of twelve (12) Directors who shall be elected from the stockholders. Without prejudice to such general powers and such other powers as may be granted by law, the Board of Directors shall have the following powers: xxx	The corporate powers of the Corporation shall be vested in and exercised, its business conducted and its property controlled by a Board of twelve (12) Directors who shall be elected from the stockholders. **<u>The Board of Directors shall include such number of independent directors as may be required by the *Bangko Sentral ng Pilipinas* (BSP) and Securities and Exchange Commission (SEC).</u>** Without prejudice to such general powers and such other powers as may be granted by law, the Board of Directors shall have the following powers: xxx	To comply with the regulatory requirements on the number of independent directors.
Article IV (Board of Directors) Section 1. <u>Composition/Powers</u>	Section 1. <u>Composition/Powers</u> … (f) To authorize, with the prior approval of the Central Bank, the establishment of branches at such points as will serve the interest of the public and that of the Corporation.	Section 1. <u>Composition/Powers</u> … (f) To authorize, with the prior approval of the **<u>BSP</u>**, the establishment of branches at such points as will serve the interest of the public and that of the Corporation.	To align with the current name of the BSP.
Article IV (Board of Directors) Section 3. <u>Vacancies</u>	Vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.	Vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose**<u>, in accordance with law</u>**. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office.	To conform with the provisions of the RCCP on vacancies.
Article IV (Board of Directors) Section 8. <u>Quorum</u>	A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of	A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of	To comply with Section 52, par. 5 of the RCCP.

	at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board, and whenever required by existing laws and regulations.	the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board, and whenever required by existing laws and regulations. **<u>Directors who cannot physically attend or vote at Board or Committee meetings can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.</u>**	
Article IV (Board of Directors) Section 11. <u>Per Diems</u>	In addition to the compensation determined in Article VIII, the directors shall receive a per diem of FIVE Hundred Pesos for attendance at each session of the Board of Directors or of any Committee.	In addition to the compensation determined in Article VIII, the directors shall receive a per diem of **<u>up to Ten Thousand Pesos</u>** for attendance at each session of the Board of Directors or of any Committee.	To align with current industry and standards.
Article VI.A. (Officers of the Corporation) Section 1. <u>Officers</u>	Section 1. <u>Officers</u> – The Officers of the Corporation shall be: a Chairman, a Vice-Chairman, a President and one or more Executive Vice-Presidents, Senior Vice-Presidents and Vice-Presidents as the Board of Directors may determine, a Secretary, a Treasurer, an Internal Auditor and such other officers as the Board of Directors may deem necessary.	Section 1. **<u>Corporate</u>** <u>Officers</u> – The **<u>Corporate</u>** Officers of the Corporation shall be a Chairman, a Vice-Chairman, a President**<u>,</u>** one or more Executive Vice-Presidents **<u>and</u>** Senior Vice-Presidents, a **<u>Corporate</u>** Secretary, a Treasurer, an Internal Auditor, **<u>a Compliance Officer</u>** and such other officers as the Board of Directors may deem necessary.	To align the provisions with the current practice of the Bank and with Section 24 of the RCCP on the election of Compliance Officer.
Article VI.A. (Officers of the Corporation) Section 6. <u>President</u>	The President, shall be the Chief Executive Officer of the Corporation. He shall be subject to the control of the Board of Directors, have direct charge of the business of the Corporation and general supervision of the business affairs and property of the Corporation. In the absence or inability of the Chairman and the Vice-Chairman, he shall preside over the meetings of the stockholders and of the	The President, shall be the Chief Executive Officer of the Corporation. He shall be subject to the control of the Board of Directors, have direct charge of the business of the Corporation and general supervision of the business affairs and property of the Corporation. In the absence**<u>,</u>** inability, **<u>or incapacity</u>** of the Chairman and the Vice-Chairman, **<u>the President</u>** shall preside over the meetings of the stockholders	To reflect minor and clerical corrections.

	Board of Directors of the Corporation.	and of the Board of Directors of the Corporation***.***	
Article VI.A. (Officers of the Corporation) Section 8. Secretary	Section 8. Secretary – The Secretary who shall be a resident and citizen of the Philippines, xxx	Section 8. **Corporate** Secretary – The **Corporate Secretary** who shall be a resident and citizen of the Philippines, xxx	To reflect the complete title of the position.
Article VI.A. (Officers of the Corporation) Section 10. Compliance Officer (new)	None	**Sec. 10. Compliance Officer – The Chief Compliance Officer, who shall be independent, shall report functionally to the Board through a duly designated Board-level Committee and administratively to the President. He shall oversee implementation of the Bank's compliance risk management system to ensure compliance with the applicable laws, rules and regulations.**	To align with the current practice of the Bank and with Section 24 of the RCCP on the election of a compliance officer for corporations vested with public interest.
Article VI.A. (Officers of the Corporation) Section 10. Other Officers	Sec. 10. Other Officers	Sec. 1**1**. Other Officers	Renumbered
Article VI.B. (Trust and Asset Management Group)	B. Trust Group	B. **Trust and Asset Management Group**	To reflect the complete name of the Group.
Article VI.B. (Trust and Asset Management Group) Section 1. Organization	The trust and other fiduciary business of the Bank shall be carried out through the Trust Group which shall be organizationally, operationally, administratively and functionally separate and distinct from the other groups, departments, divisions and/or businesses of the Bank. The Bank's investment management activities, shall be conducted through its Trust Group and/or the Treasury Division and/or similar group, department or division. The responsibilities of the Board of Directors, Trust Committee and the Trust Officer shall be construed to include the proper administration and management of investment management activities.	The trust and other fiduciary business of the Bank shall be carried out through the Trust **and Asset Management** Group which shall be organizationally, operationally, administratively and functionally separate and distinct from the other groups, departments, divisions and/or businesses of the Bank. The Bank's investment management activities, shall be conducted through its Trust **and Asset Management** Group. The responsibilities of the Board of Directors, Trust **Investment** Committee and the Trust Officer shall be construed to include the proper administration and management of investment management activities. The Bank shall not undertake any of the trust and other fiduciary	To comply with the provisions under the Manual of Regulations for Banks.

	The Bank shall not undertake any of the trust and other fiduciary business and investment management activities outside the direct control, authority and management of the Trust Group and/or through any group, department, division or office which is involved in the other businesses of the Bank, such as the Treasury Division, or any similar department or division, otherwise, any such business shall be considered part of the Bank's real liabilities.	business and investment management activities outside the direct control, authority and management of the Trust **<u>and Asset Management</u>** Group or through any group, department, division or office which is involved in the other businesses of the Bank, such as the Treasury **<u>Group</u>**, or any similar department or division, otherwise, any such business shall be considered part of the Bank's real liabilities. **<u>The Bank Proper and the Trust and Asset Management Group may share the following activities: (1) electronic data processing; (2) credit investigation; (3) collateral appraisal; and (4) messengerial, janitorial and security services.</u>**	
Article VI.B. (Trust and Asset Management Group) Section 2. <u>Accountability</u>	The Trust Group, Trust Officer and other subordinate officers of the Group shall only be directly responsible to the Trust Committee which shall in turn be only directly responsible to the Board of Directors. No director, officer or employee taking part in the management of trust and other fiduciary accounts shall perform duties in other groups, departments, divisions or the Audit Committee of the Bank and vice versa. The organization structure and definition of duties and responsibilities of the trust committee, officers and employees of the trust group or department shall reflect adherence to the minimum internal control standards prescribed by the Central Bank. The Trust Officer who is a lawyer and/or the Legal group shall see to it that legal assistance is readily available in the review of proposed and/or existing trust and fiduciary agreements and	The Trust **<u>and Asset Management</u>** Group, Trust Officer and other subordinate officers of the Group shall only be directly responsible to the Trust **<u>Investment</u>** Committee which shall in turn be only directly responsible to the Board of Directors. No director, officer or employee taking part in the management of trust and other fiduciary accounts shall perform duties in other groups, departments, divisions or the Audit Committee of the Bank and vice versa. **<u>However, branch managers duly authorized by the Board of Directors may, for or on behalf of the Trust Officer, sign pre-drawn trust instruments such as UITFs.</u>** The organization structure and definition of duties and responsibilities of the **<u>T</u>**rust **<u>Investment</u>** **<u>C</u>**ommittee, officers and employees of the **<u>T</u>**rust **<u>and Asset Management</u>** **<u>G</u>**roup shall reflect adherence to the minimum internal control standards prescribed by the **<u>BSP</u>**.	To comply with the provisions under the Manual of Regulations for Banks.

	documents and in the handling of legal and tax matters related thereto.	**<u>Provisions shall be made by the Bank to have legal assistance</u>** readily available in the review of proposed and/or existing trust and fiduciary agreements and documents and in the handling of legal and tax matters related thereto.	
Article VI.B. (Trust and Asset Management Group) Section 3. <u>Composition of the Trust Investment Committee</u>	The Trust Committee shall be composed of five [5] members: (a) three [3] directors who are appointed by the Board on a regular rotation basis and who are not operating officers of the institution; (b) the President; and (c) the Trust Officer. No member of the Audit Committee shall be concurrently designated as a member of the Trust Committee. The Board shall indicate in the Minutes the Committee Members and designate the Chairman who shall be one of the three (3) directors referred to in item "(a)" above.	The Trust **<u>Investment</u>** Committee shall be composed of five [5] members: (a) three [3] **<u>non-executive</u>** directors **<u>or independent directors</u>** who are **<u>not part of the Audit Committee</u>**; (b) the President; and (c) the Trust Officer. The Board shall indicate in the Minutes the Committee Members and designate the Chairman who shall be one of the three (3) directors referred to in item "(a)" above.	To comply with the provisions under the Manual of Regulations for Banks.
Article VI.B. (Trust and Asset Management Group) Section 4. <u>Qualifications of Committee Members, Officers and Staff</u>	The Trust Department shall be staffed by persons of competence, integrity and honesty. Directors, committee members and officers charged with the administration of trust and other fiduciary activities shall, in addition to meeting the qualification standards prescribed for directors and officers of financial institutions, possess the necessary technical expertise in such business: Provided, that trust officers who shall be appointed after October 16, 1990 shall have at least two (2) years of actual experience or training in trust operations.	The Trust **<u>and Asset Management Group</u>** shall be staffed by persons of competence, integrity and honesty. Directors, committee members and officers charged with the administration of trust and other fiduciary activities shall, in addition to meeting the qualification standards prescribed for directors and officers of **<u>banks</u>**, possess the necessary technical expertise **<u>and relevant experience</u>** in such business**<u>.</u>** **<u>A Trust Investment Committee member should be familiar with Philippine laws, rules and regulations on trust business, as well as uphold at all times ethical and good governance standards. The Trust Officer who shall be appointed shall possess any of the following: (a) at least five (5) years of actual experience in trust operations; (b) at least three (3) years of actual experience in trust</u>**	To comply with the provisions under the Manual of Regulations for Banks.

		<u>operations and must have (i) completed at least ninety (90) training hours in trust, other fiduciary business or investment management activities acceptable to the BSP or (ii) completed a relevant global or local professional certification program; or (c) at least five (5) years of actual experience as an officer of a bank and must have (i) completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the BSP or (ii) completed a relevant global or local professional certification program.</u>	
Article VI.B. (Trust and Asset Management Group) Section 5. <u>Responsibilities of Administration</u>	a. <u>Board of Directors</u>. The Board of Directors is responsible for the proper administration and management of trust and other fiduciary business. Funds and properties held in trust or in any fiduciary capacity shall be administered with the skill, care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims. The responsibilities of the Board shall include but need not be limited to the following: 1. It shall determine and formulate general policies and guidelines on the: (a) acceptance, termination, or closure of trust and other fiduciary accounts; (b)	**a. <u>Board of Directors</u>. <u>The Board of Directors shall ensure an appropriate degree of independence between the activities of the bank proper and Trust and Asset Management Group.</u>** **b. <u>Trust Investment Committee</u>.** The Trust **<u>Investment</u>** Committee **<u>is a special committee which reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the Bank. In discharging its function, it shall:</u>** 1. **<u>ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices;</u>** 2. **<u>ensure that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards</u>**	To comply with the provisions under the Manual of Regulations for Banks.

	proper administration and management of each trust and other fiduciary accounts; and (c) investment, reinvestment and disposition of funds or property held by the Trust Group in its capacity as trustee or fiduciary; 2. It shall direct and review the actions of the Trust Committee and all officers and employees designated to manage the trust and other fiduciary accounts, especially in the absence of specific agreements on investments, or in the case of discretionary accounts; 3. It shall approve or confirm the acceptance, termination or closure of all trust and other fiduciary accounts and shall record such in its minutes; 4. Upon the acceptance of an account, it shall immediately review all non-cash assets received for management. Likewise, it shall make a review of the trust and/or fiduciary assets at least once every twelve (12) months to determine the advisability of retaining or	**are in place and continue to be relevant, comprehensive and effective;** 3. **oversee the implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities;** 4. **adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the Trust and Asset Management Group to effectively carry out itsfunctions;** 5. **oversee and evaluate the performance ofthe Trust Officer;** 6. **conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and** 7. **report regularly to the Board of Directors on matters arising from fiduciary activities.** **c. Trust Officer. The management of day-to-day fiduciary activities shall be vested in the Trust Officer. In this regard, the Trust Officer shall:** 1. **ensure adherence to the basic standards in the administration of trust, other fiduciary and investment management accounts;** 2. **develop and implement relevant**	

	disposing of such assets; 5. It shall be responsible for taking appropriate action on the examination reports of supervisory agencies, internal and/or external auditors on the Bank's trust and other fiduciary business; and recording such actions thereon in the minutes; 6. It shall designate the members of the Trust Committee, the Trust Officer and subordinate officers of the Trust Group and shall be responsible for requiring reports from said committee and officers and recording its actions thereon in the minutes; and 7. It shall establish an appropriate staffing pattern and adopt operating budgets that shall enablethe Trust Group to effectively carry out its functions. It shall likewise be responsible for providing the officers and staff of the Bank with appropriate training programs in the administration and operation of all phases of trust and other fiduciary business.	<u>**policies and procedures on fiduciary activities;**</u> **3.** <u>**observe sound risk management practices and maintain necessary controls to protect assets under custody and held in trust or other fiduciary capacity;**</u> **4.** <u>**carry out investment and other fiduciary activities in accordance with agreements with clients and parameters set by the Trust Investment Committee as approved by the Board of Directors;**</u> **5.** <u>**report regularly to the Trust Investment Committee on business performance and other matters requiring its attention;**</u> **6.** <u>**maintain adequate books, records and files for each trust or other fiduciary account and provide timely and regular disclosure to clients on the status of their accounts; and**</u> **7.** <u>**submit periodic reports to regulatory agencies on the conduct of the trust operations.**</u> d. <u>Other Trust Officers</u>. This Group shall have <u>**subordinate officers under several divisions/departments**</u> whose principal dut<u>**y**</u> is to assist the Trust Officer in the performance of his duties and responsibilities including the marketing of trust <u>**and fiduciary**</u> products <u>**and services, investment and**</u> liquidity management,	

	The Board of Directors may, by action duly entered in the minutes, delegate its authority for the acceptance, termination, closure or management of trust and other fiduciary accounts to the Trust Committee or to the Trust Officer subject to certain guidelines approved by the Board. b. <u>Trust Committee</u>. The Trust Committee duly constituted and authorized by the Board shall act within the sphere of authority which may be provided in the by-laws and/or as may be delegated by the Board, such as but not limited to the following: 1. The acceptance and closing of trust and other fiduciary accounts; 2. The initial review of assets placed under the trustee's or fiduciary's custody; 3. The investment, reinvestment and disposition of funds or property; 4. The review and approval of transactions between trust and/or fiduciary accounts; and 5. The review of trust and other fiduciary accounts at least once every twelve (12) months to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the account is being managed in	**<u>business and product development,</u>** and operations of the Group. The group may have such subordinate officer/s as the exigencies of the operations may require as determined by the Trust Officer and/or the Trust **<u>Investment</u>** Committee, the office/s or position/s of which is/are created by the Board of Directors, and whose principal functions shall be defined by the Board.	

	accordance with the instrument creating the trust or other fiduciary relationship. For this purpose, the Trust Committee shall meet whenever necessary and keep minutes of its actions and make periodic reports thereon to the Board. c. Trust Officer. The Trust Officer designated by the Board as head of the Trust Group shall act and represent the institution in all trust and other fiduciary matters within the sphere of authority as may be provided in the By-Laws or as may be delegated by the Board. His responsibilities shall include, but need not be limited to the following: 1. The administration of trust and other fiduciary account; 2. The implementation of policies and instructions of the Board of Directors and the Trust Committee; 3. The submission of reports on matters which require the attention of the Trust Committee and the Board of Directors; 4. The maintenance of adequate books, records and files for each trust or other fiduciary account; and 5. The maintenance of necessary controls and measures to protect assets under his custody and held in trust or other fiduciary capacity.		

	d. <u>Other Trust Officers</u>. This Group shall have an Assistant Manager (AM) or Assistant Trust Officer (ATO) whose principal duties is to assist the Trust Officer in the performance of his duties and responsibilities including the marketing of the trust products, business development, liquidity management and the operations of the group. The AM or ATO shall be complemented by a Financial Business Development Section, Trust Account Administration Section and Investments Administration Section. The group may have such subordinate officers as the exigencies of the operations may require as determined by the Trust Officer and/or the Trust Committee, the office/s or position/s of which is/are created by the Board of Directors, and whose principal functions shall be defined by the Board.		
Article VI.C. (Nomination Committee) Section 1. <u>Organization</u>	The Board shall have a Nomination Committee composed of at least three (3) members of the Board of Directors, at least one of whom (preferably all) shall be independent directors as defined by the Bangko Sentral ng Pilipinas and the Securities & Exchange Commission (SEC).	The Board shall have a Nomination Committee composed of at least three (3) members of the Board of Directors, <u>**majority of whom**</u> shall be independent directors as defined by the <u>**BSP**</u> and the <u>**SEC**</u>. <u>**The Chairman shall at all times be an independent director.**</u>	To simplify and align with Bank and best practices.
Article VI.C. (Nomination Committee) Section 2. <u>Meetings</u>	None.	<u>**The Committee shall meet at least twice a year.**</u>	To align with Bank and best practices.
Article VI.C. (Nomination Committee)	Sec. 2. <u>Duties and Functions</u>. – a. The Committee shall	Sec. <u>**3**</u>. <u>Duties and Functions</u>. – <u>**a.**</u> The Committee, <u>**together with the Corporate**</u>	

Section 3. Duties and Functions	review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring election / appointment by the Board of Directors and all promotions favorably endorsed by the Promotions Review Committee. b. It shall promulgate the guidelines or criteria to govern the conduct of the nomination, and the same shall be properly disclosed in the company's information or proxy statement or such other reports required to be submitted to the SEC. c. The nomination of all director, more particularly of independent directors, shall be conducted by the Committee prior to a stockholders' meeting. All nominations or recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the nominees. d. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters that meet at least the minimum requirements of SEC Memorandum Circular No. 16 and BSP Circular No. 296 Series of 2001 to facilitate its task to effectively review the qualifications of the nominees for directors, more specifically for independent director/s.	**<u>Governance Committee,</u>** shall review and evaluate the qualifications of all persons nominated to the Board **<u>and of all persons appointed to positions beginning from Department and Division Head, as well as</u>** all promotions **<u>to any Bank Officer position.</u>** **<u>b.</u>** It shall promulgate the guidelines or criteria to govern the conduct of the nomination, and the same shall be properly disclosed in the company's information or proxy statement or such other reports required to be submitted to the SEC. <u>c.</u> The nomination of all director**<u>s</u>**, more particularly of independent director/s, shall be conducted by the Committee prior to a stockholders' meeting. All nominations or recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the nominees. <u>d.</u> The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters that meet at least the minimum requirements of **<u>relevant BSP and SEC circulars and issuances</u>** to facilitate its task to effectively review the qualifications of the nominees for directors, more specifically for independent director/s. <u>e.</u> After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the	

	e. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for directors, more particularly for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1 (b) or SRC Rule 20, through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1 (b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director/s shall be identified in such report including any relationship with the nominee. f. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors, more specifically for Independent Directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting, except in the unlikely event that a	information about all the nominees for directors, more particularly for independent directors, as required **<u>by existing laws and relevant circulars and issuances</u>**. **<u>f.</u>** Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.	

	particular nominee/s make/s a last minute withdrawal of his/their acceptance and conformity, become/s incapacitated or otherwise no longer available for any reason whatsoever.		
Article VI.C. (Nomination Committee) Section 4. <u>Election of Independent Directors</u>	Sec. 3 - <u>Election of Independent Director/s</u> a. Except as those required under SEC Memorandum Circular No. 16, Series of 2002, and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent directors and the other directors shall be made in accordance with the standard election procedures of these By-Laws. b. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting. c. Specific slots for independent directors shall not be filled-up by unqualified nominees. d. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.	Sec. <u>**4**</u>. <u>Election of Independent Directors.</u> – Except as those required under existing laws, rules, and regulations of the <u>**SEC**</u>, the conduct of the election of independent directors and the other directors shall be made in accordance with the standard election procedures of these By-Laws.	

Article VII (Reserves) Section 1. Reserves Against Deposit Liabilities	The Corporation shall maintain such reserves against its deposit liabilities as may from time to time be required by the Central Bank.	The Corporation shall maintain such reserves against its deposit liabilities as may from time to time be required by the **BSP.**	To align with the current name of the BSP.
Article X (Authorized Signatures) Section 1 (no title)	Sec. 1. (no title) –	Sec. 1. **Payment of Money** –	Title placed
Article X (Authorized Signatures) Section 2 (no title)	Sec. 2. (no title) –	Sec. 2. **Other Commercial Documents** –	Title placed
Article XI (Subscriptions, Certificates of Stock and Transfer of Shares) Section 2 (no title)	Sec. 2. (no title) –	Sec. 2. **Nationality** –	Title placed
Article XI (Subscriptions, Certificates of Stock and Transfer of Shares) Section 4. Loss or Destruction	In case of loss or destruction of any stock certificate, a new certificate shall be issued in lieu of the stock certificate which has been lost, stolen or destroyed after compliance with the requirements of existing laws, including Section 73 of the Corporation Code.	In case of loss or destruction of any stock certificate, a new certificate shall be issued in lieu of the stock certificate which has been lost, stolen or destroyed after compliance with the requirements of existing laws, including Section 72 of the Corporation Code.	To reflect the renumbering of sections in the RCCP.

COVER SHEET

ANNEX F

443

SEC Registration Number

CHINA BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

8745 Paseo de Roxas corner Villar Streets, Makati City

(Business Address: No. Street City/Town/Province)

Patrick D. Cheng

(Contact Person)

8885-5555

(Company Telephone Number)

0	3		3	1

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Corporate Governance and Finance Dept.

(Department Requiring this document)

(Amended Articles Number/Section)

Total Amount of Borrowings

1,894

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter period ended **March 31, 2020**

2. Commission identification number **443**

3. BIR Tax Identification No.. **000-444-210-000**

CHINA BANKING CORPORATION
4. Exact name of issuer as specified in its charter

PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

CHINA BANK BUILDING 8745 PASEO DE ROXAS COR. VILLAR STS., MAKATI CITY **1226**
7. Address of registrant's principal office Postal Code

8. Issuer's telephone number, including area code **(02) 8885-5555**

9. Former name, former address and former fiscal year, if changed since last report **NA**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock Outstanding	Amount of debt outstanding
COMMON	**2,685,899,812**	

11. Are any or all of the securities listed on the Stock Exchange?

Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days

Yes [**X**] No [ ]

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

Attached are the following:

Annex I:	Interim Consolidated Statements of Financial Position
Annex II:	Interim Consolidated Statements of Income
Annex III:	Interim Consolidated Statements of Comprehensive Income
Annex IV:	Interim Consolidated Statements of Changes in Equity
Annex V:	Interim Consolidated Statements of Cash Flows
Annex VI:	Aging of Loans and Receivables
Annex VII:	Profitability Report by Business Segment
Annex VIII:	Financial Soundness Indicators

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Annex IX:	Management's Discussion

PART II OTHER INFORMATION

There are no material disclosures that were not reported under SEC Form 17-C during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer ……………………………………………………............. **CHINA BANKING CORPORATION**

Principal Financial/Accounting Officer/Controller …………….. **PATRICK D. CHENG**

Signature and Title ………………………………………………. Chief Finance Officer

Date……………………………………………………………….. May 15, 2020

Part I – Financial Information

Item 1. Financial Statements

a. **Accounting Policies and Methods of Computation**. The interim condensed consolidated financial statements of China Banking Corporation (the Parent Company) and its subsidiaries (the Group) have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS). The interim condensed consolidated financial statements are presented in Philippine peso, and all values are rounded to the nearest thousand peso except when otherwise indicated.

   The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements as of December 31, 2019. The accounting policies adopted are consistent with those of the previous financial year.

b. **Seasonality or Cyclicality of Interim Operations.** Changes in the Group's financial condition or operation were due more to external factors such as interest movements and cost of borrowings rather than seasonality or cyclical aspects.

c. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.** Changes in nature and amounts in the financial statements were due more to market-related factors inherent in the nature of the issuer's business operations and are not considered unusual. Below are some significant changes as explained in the Management's Discussions of Financial Condition and Results of Operation:

	March 31, 2020	December 31, 2019	Increase (Decrease)
Assets			
Cash and Other Cash Items	14,537,632	16,839,755	(2,302,123)
Due from Bangko Sentral ng Pilipinas	78,277,751	100,174,398	(21,896,648)
Due from Other banks	24,628,705	9,900,642	14,728,063
Interbank Loans Receivable and Securities Purchased under Resale Agreements	4,151,094	17,036,460	(12,885,366)
Financial Assets at Fair Value through Profit or Loss	6,699,599	18,500,111	(11,800,512)
Financial Assets at Fair Value through Other Comprehensive Income	62,848,939	26,133,360	36,715,579
Accrued Interest Receivable	6,284,900	7,158,494	(873,594)
Liabilities			
Bills Payable	44,477,689	33,381,406	11,096,283
Manager's Checks	1,331,548	1,998,678	(667,130)
Income Tax Payable	864,575	540,662	323,913
Accrued Interest and Other Expenses	4,980,969	4,121,302	859,667
Derivative Liabilities	1,447,305	1,036,052	411,253
Derivative Liabilities Designated as Hedges	576,807	51,949	524,858

	March 31, 2020	March 31, 2019	Increase (Decrease)
Income			
Interest on Financial Assets at FVPL	225,174	123,081	102,093
Interest on Due from BSP and other banks	302,248	245,291	56,956
Trading and Securities Gain (Loss)	(166,167)	175,274	(341,441)
Foreign Exchange Gain (Loss) - net	127,068	(74,252)	201,320
Expense			
Interest on Deposit Liabilities	3,307,884	4,987,904	(1,680,020)
Bills payable and other borrowings	903,918	470,170	433,748
Compensation and fringe benefits	1,646,413	1,443,510	202,903
Taxes and licenses	1,006,008	872,845	133,162
Occupancy costs	414,927	489,606	(74,679)
Provision for impairment and credit losses	412,451	273,356	139,095

Miscellaneous	1,692,590	987,566	705,024
Provision for Income Tax	603,800	288,554	315,246

d. **Changes in Estimates of Amounts Reported.** There were no changes in estimates of amounts reported in prior interim periods of current financial year or in estimates of amounts reported in prior financial years.

e. **Issuances, Repurchases, and Repayments of Debt and Equity Securities.** There were no issuances, repurchases and repayments of debt and equity securities made by the issuer.

f. **Segment Information.** Operating businesses are recognized and managed separately according to the nature of business served, with each segment representing a strategic business unit. The Bank's comparative revenues and expenses by business segments are shown in Annex VII.

g. **Dividends.** No dividends were declared during the period.

h. **Effect of Changes in the Composition of the Enterprise during the Interim Period.** There were no changes in the composition of the issuer including business combinations, acquisitions, or disposal of subsidiaries and long term investments, restructuring, and discontinuing operations during the period.

i. **Changes in Contingent Liabilities or Contingent Assets.** There are various outstanding commitments and contingent liabilities but management does not anticipate any material losses as a result of these transactions.

j. **Material Contingencies and Any Other Events.** There are no material contingencies and other events or transactions that are material to an understanding of the current interim period.

k. **Financial Risk Disclosure**. There were no material changes in the financial disclosure of the Group during the interim period.

l. **Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period**. There were no material events subsequent to the end of the interim period that have been reflected in the financial statements for the period.

m. **Material commitment for capital expenditures**. The Bank expects to incur capital expenditures related to the ongoing branch expansion plan and technology-related investments. Funding will be sourced internally.

n. **Fair Value Measurement**. As of March 31, 2020 and December 31, 2019, except for the following financial instruments, the carrying values of the Group's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

	March 31, 2020		**December 31, 2019 (Audited)**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Financial Assets at Amortized Cost				
Government bonds	**₱119,477,999**	**₱138,307,184**	₱116,859,352	₱115,600,451
Private bonds	**53,761,923**	**53,780,979**	51,343,376	52,569,793
Loans and receivables				
Corporate and commercial loans	**469,155,818**	**451,744,276**	458,007,221	449,343,219
Consumer loans	**101,705,188**	**101,267,344**	100,104,341	105,846,151
Trade-related loans	**12,297,368**	**12,629,790**	10,766,453	11,267,769
Others	**586,671**	**591,237**	41,148	47,780

	March 31, 2020		December 31, 2019 (Audited)	
Sales contracts receivable	**1,074,054**	**1,058,773**	1,124,275	1,200,426
Deposit liabilities	**375,207,445**	**369,177,015**	363,600,383	358,540,409
Bonds Payable	**37,442,314**	**37,915,402**	37,394,398	37,980,269

As of March 31, 2020 and December 31, 2019, the fair value hierarchy of the Group's assets and liabilities are presented below:

	March 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets at FVPL				
Held-for-trading				
Government bonds	-	-	-	-
Treasury notes	-	-	-	-
Treasury bills		**1,441,945**	-	**1,441,945**
Private bonds	**2,718,116**		-	**2,718,116**
Quoted equity shares	**1,104,898**			**1,104,898**
Derivative assets	-	**1,434,640**	-	**1,434,640**
Financial Assets at FVOCI				
Government bonds	**22,261,912**	**36,555,343**	-	**58,817,255**
Quoted private bonds	**3,416,080**		-	**3,416,080**
Quoted equity shares	**597,239**			**597,239**
	30,098,245	**39,431,928**	-	**69,530,173**
Financial liabilities at FVPL				
Derivative liabilities		**1,447,305**		**1,447,305**
Derivative liabilities designated as hedges	-	**576,807**	-	**576,807**
	-	**2,024,112**	-	**2,024,112**
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	**138,307,184**	-	-	**138,307,184**
Private bonds	**54,684,408**	-	-	**54,684,408**
Loans and receivables				
Corporate and commercial loans	-	-	**451,744,276**	**451,744,276**
Consumer loans	-	-	**101,267,344**	**101,267,344**
Trade-related loans	-	-	**12,629,790**	**12,629,790**
Others	-	-	**591,237**	**591,237**
Sales contracts receivable	-	-	**1,058,773**	**1,058,773**
Investment properties				
Land	-	-	**5,223,219**	**5,223,219**
Buildings and improvements	-	-	**2,742,365**	**2,742,365**
	192,991,592	-	**575,257,004**	**767,345,167**
Fair values of liabilities carried at amortized cost				
Deposit liabilities	-	-	**369,177,015**	**369,177,015**
Bonds Payable	-	-	**37,915,402**	**37,915,402**
	-	-	**407,092,417**	**407,092,417**

	December 31, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱5,087,179	₱3,363,947	₱–	₱8,451,126
Treasury notes	–	2,386,226	–	2,386,226
Treasury bills	–	1,378,137	–	1,378,137
Private bonds	4,372,734	–	–	4,372,734
Quoted equity shares	1,243,938	–	–	1,243,938
Derivative assets	–	667,950	–	667,950
FVOCI financial assets				
Government bonds	3,977,446	18,563,070	–	22,540,516
Quoted private bonds	2,953,271	–	–	2,953,271
Quoted equity shares	621,208	–	–	621,208
	₱9,969,698	₱7,709,725	₱–	₱17,679,423

	December 31, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial liabilities at FVPL				
Derivative liabilities	₱–	₱1,036,052		₱1,036,052
Derivative liabilities designated as hedges		51,949		51,949
	₱–	₱1,088,001		₱1,088,001
Fair values of assets carried at amortized cost				
Investment securities at amortized cost				
Government bonds	₱115,600,451	₱–		₱115,600,451
Private bonds	52,569,793	–		52,569,793
Loans and receivables				
Corporate and commercial loans	–	–	449,343,219	449,343,219
Consumer loans	–	–	105,846,151	105,846,151
Trade-related loans	–	–	11,267,769	11,267,769
Others	–	–	47,780	47,780
Sales contracts receivable	–	–	1,200,426	1,200,426
Investment properties				
Land	–	–	5,199,926	5,199,926
Buildings and improvements	–	–	2,819,400	2,819,400
	₱162,964,314	₱–	₱498,910,912	₱661,875,227
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱358,540,409	₱358,540,409
Bonds Payable	–	–	37,980,269	37,980,269
	₱–	₱–	₱396,520,678	₱396,520,678

o. **Related Party Transactions.** Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions of the Group by category of related party are presented below:

	March 31, 2020		
Category	**Amount / Volume**	**Outstanding Balance**	**Terms and Conditions**
Significant Investor			
Loans and receivables		**2,345,300**	These are secured loans with interest rate of 5.25% and maturity of 5. years; collateral includes shares of stocks with fair value of ₱5.1 billion.
Issuances	–		
Repayments	–		
Deposit liabilities		**1,623**	These are checking accounts with annual average rate of 0.13%.
Deposits	**127**		
Withdrawals	–		
Associates			
Deposit Liabilities		**249,329**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	**661**		
Withdrawals	**(51,870)**		
Key Management Personnel			
Loans		**418**	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuance	**217**		
Repayments	**(226)**		
Deposit Liabilities		**33,782**	These are checking, savings and time deposit account with annual average interest rates ranging from 0.25% to 1.00%
Deposits	**47,647**		
Withdrawals	**(40,874)**		
Other Related Parties			
Deposit Liabilities		**204,972**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposit	**5,035,096**		
Withdrawals	**(4,998,209)**		

	December 31, 2019 (Audited)		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans		₱2,345,300	Partially secured Loans with interest rate of 2 - 5.12% and maturity of two to seven years.
Issuances	₱–		
Repayments	(4,421,200)		
Deposit Liabilities		1,496	These are checking accounts with annual average rate of 0.13%.
Deposit	1,123		
Withdrawals	–		
Associates			
Deposit Liabilities		300,620	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	666,996		
Withdrawals	(532,748)		
Key Management Personnel			
Loans		427	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuances	–		
Repayments	(61)		
Deposit Liabilities		78,763	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	255,582		
Withdrawals	(257,836)		
Other Related Parties			
Deposit Liabilities		389,714	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposit	22,632,109		
Withdrawals	(22,523,755)		

Other related parties pertain to subsidiaries of the significant investor.

Interest income earned and interest expense incurred from the above loans and deposit liabilities, respectively, for the three-month periods ended March 31, 2020 and March 31, 2019 are presented below:

	Significant Investor		Associate	
	March 31			
	2020	2019	**2020**	2019
Interest income	**₱11,727**	₱11,738	**₱–**	₱–
Interest expense	**–**	–	**174**	143

	Key Management Personnel		Other Related Parties	
	March 31			
	2020	2019	**2020**	2019
Interest income	**₱6**	₱2	**₱–**	₱–
Interest expense	**16**	4	**57**	32

Related party transactions of the Group with significant investor, associate and other related parties pertain to transactions of the Parent Company with these related parties.

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	March 31, 2020	December 31, 2019	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱1,632**	₱1,144	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	**2,270**	2,270	This pertains to the rental deposits with CBSI and CBCC for office space leased out to the Parent Company
Accounts payable	**13,068**	12,941	This pertains to various unpaid rental to CBSI

	Subsidiaries		
	March 31, 2020	March 31, 2019	**Nature, Terms and Conditions**
Income Statement			
Miscellaneous income	**₱450**	₱450	Human resources functions provided by the Parent Company to its subsidiaries such as

	Subsidiaries		
	March 31, 2020	March 31, 2019	**Nature, Terms and Conditions**
			recruitment and placement, training and development, salary and benefits development, systems and research, and employee benefits. Under the agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee
Occupancy cost	**2,741**	5,003	Certain units of the condominium owned by CBSI are being leased to the Parent Company for a term of five years, with no escalation clause
Miscellaneous expense	**33,633**	17,824	This pertains to the computer and general banking services provided by CBC-PCCI to the Parent Company to support its reporting requirements

p. **Impact of COVID-19 Pandemic.** On March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon. The ECQ was originally set to last until April 12, 2020 but, upon the recommendation of the Inter-Agency Task Force on Emerging Infectious Disease, President Duterte extended it until April 30, 2020. On May 1, 2020, the ECQ was further extended until May 15 but only on selected places considered high-risk. On May 12, 2020 a modified ECQ was imposed on Metro Manila and selected provinces effective May 16 until May 31. Meanwhile, other areas will transition to being under a general community quarantine or having no lockdown at all starting May 16. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

Going Concern Assumption

The accompanying interim condensed consolidated financial statements have been prepared under the going-concern assumption. In arriving at this assumption, the Bank currently believes that it has adequate liquidity and capital buffers, and business plans to continue to operate the business and mitigate the risks associated with COVID-19 pandemic for the next 12 months from the date of this report.

Also, the Bank anticipates that this pandemic will have a significant impact on the Bank's business, results of operations, financial condition and cash flows. The Bank will continue to monitor new developments of this pandemic and determine whether these will have an impact on the assumption of the Bank to operate as a going-concern entity.

Impairment of Non-financial Assets

With the outbreak of COVID-19 pandemic, the Bank assesses whether its nonfinancial assets are affected and may be impaired. In the case of the impairment assessment of goodwill and branch licenses, the Bank believes that the extent of the long-term impact of the pandemic cannot be reasonably ascertained as of the reporting period. The Bank will continue to monitor the situation until such time that the Bank can reasonably estimate the impact of this pandemic in the cash flow projections and other inputs used in estimating the recoverable amount of the cash-generating unit (CGU) to which the goodwill and branch licenses relate. Where the recoverable amount is less than carrying amount of the CGU, an impairment loss will be recognized by the Bank.

Fair Value Measurement

In measuring the fair value of financial instruments, the Bank considers prices and inputs which incorporate the recent volatility in the market caused by the COVID-19 pandemic. The overall decline in market values has a significant impact on the Bank's financial assets.

Expected Credit Losses

Provision for impairment and credit losses totaled P412 million, 51% higher on the back of sustained loan build-up and impact of the COVID-19 outbreak and Luzon-wide Enhanced Community Quarantine (ECQ).

In estimating the amount of expected credit losses (ECL) for financial assets at each reporting date, judgment and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Bank's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes; and
- sufficiency and appropriateness of data used and relationships assumed in building the components of the Bank's expected credit loss models.

The Bank assessed that the level of ECL derived using the judgment and estimates in the aforementioned areas is reasonable based on the circumstances as of March 31, 2020 and the nature of the Bank's loan portfolio whose majority pertains to commercial and corporate loans with retail and consumer loans comprising only a small portion (less than 20%) of the total loan portfolio.

Impact of the COVID-19 Pandemic to ECL

While the Bank has reasonably estimated the level of ECL as of this reporting period, the Bank expects that the actual impact to credit risk and ECL of the pandemic and of the government support measures will only be fully incorporated in the upcoming reporting periods, as the country continue to deal with this public health crisis and assess the impact to the economy as a whole. With the surge of confirmed COVID-19 cases and with the implementation of the community quarantine happening only in early March 2020, the Bank nonetheless captured all relevant and supportable information (which includes incorporating management overlays and adjustments such as credit reviews of specific borrowers) in estimating its ECL and provisions as of and for this reporting period, respectively.

The nature and extent of the actual impact of COVID-19 to the Bank's allowance for credit losses will be determined once reasonable and supportable information about current market conditions and forecasts of future economic conditions become fully available. In particular, the Bank will take the following into consideration in assessing the level of allowance for probable losses:

a) The impact of the disruptions caused by the pandemic and of the government support measures (e.g., grace period for payments) in assessing significant increase in credit risk and defaults;
b) The potential increase in the probabilities of default (PDs) of borrowers, particularly those in vulnerable industries which include transportation and consumer products;
c) The effect of the existing market conditions to the value of collaterals and potential recoveries.

CHINA BANKING CORPORATION **ANNEX I**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands)

		March 2020	December 2019
		Unaudited	Audited
ASSETS			
Cash and Other Cash Items	P	14,537,632	16,839,755
Due from Bangko Sentral ng Pilipinas		78,277,751	100,174,398
Due from Other banks		24,628,705	9,900,642
Interbank Loans Receivable and Securities Purchased under Resale Agreements		4,151,094	17,036,460
Financial Assets at Fair Value through Profit or Loss		6,699,599	18,500,111
Financial Assets at Fair Value through Other Comprehensive Income		62,848,939	26,133,360
Investment Securities at Amortized Cost		173,239,922	168,202,728
Loans and Receivables - net		583,745,045	568,919,164
Accrued Interest Receivable		6,284,900	7,158,494
Investments in Associates		744,755	704,169
Bank Premises, Furniture, Fixtures and Equipment - net		9,002,951	9,155,234
Investment Properties		4,315,088	4,337,184
Deferred Tax Assets		3,474,063	3,370,949
Intangible Assets		4,033,649	4,066,078
Goodwill		839,748	839,748
Other Assets		7,400,889	6,887,506
	P	984,224,732	962,225,980
LIABILITIES AND EQUITY			
Liabilities			
Deposit Liabilities			
Demand		191,141,902	186,955,056
Savings		218,239,728	224,872,421
Time		375,207,445	363,600,383
		784,589,076	775,427,861
Bills Payable		44,477,689	33,381,406
Bonds Payable		37,442,314	37,394,398
Manager's Checks		1,331,548	1,998,678
Income Tax Payable		864,575	540,662
Accrued Interest and Other Expenses		4,980,969	4,121,302
Derivative Liabilities		1,447,305	1,036,052
Derivative Liabilities Designated as Hedges		576,807	51,949
Deferred Tax Liabilities		1,084,742	1,083,378
Other Liabilities		10,625,020	11,014,701
		887,420,046	866,050,387
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital Stock			
Common Stock - P10 par value			
Authorized - 3,300,000,000 shares			
Issued - 2,685,899,812 shares		26,858,998	26,858,998
Capital paid in excess of par value		17,122,626	17,122,626
Surplus Reserves		3,655,379	3,598,275
Surplus		50,719,058	48,558,760
Net Unrealized Gains (Losses) on Financial Assets at FVOCI		(646,983)	417,576
Remeasurement Gain on Defined Benefit Asset		(371,863)	(368,531)
Remeasurement on Life Insurance Reserve of Associate		19,767	20,655
Cumulative translation adjustment		8,518	6,835
Cash Flow Hedge Reserve		(576,807)	(51,949)
		96,788,694	96,163,243
Non-controlling Interest		15,993	12,351
		96,804,686	96,175,594
	P	984,224,732	962,225,981

CHINA BANKING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands)

	March 2020 Unaudited	December 2019 Audited
CONTINGENT ACCOUNTS		
Unused commercial letters of credit	**16,141,068**	**18,227,610**
Committed Credit Lines	**79,259,691**	**46,506,112**
Outstanding guarantees Issued	**738,276**	**1,022,261**
Inward bills for collection	**3,740,933**	**4,423,799**
Outward bills for collection	**45,531**	**88,197**
IRS receivable	**26,746,800**	**26,523,850**
Spot exchange bought	**8,428,889**	**10,896,547**
Spot exchange sold	**8,412,447**	**11,965,938**
Forward exchange bought	**31,819,875**	**30,941,342**
Forward exchange sold	**16,402,642**	**18,229,910**
Trust department accounts	**173,781,130**	**169,339,175**
Credit card Lines	**11,552,929**	**11,048,767**
Late deposits/payments received	**88,793**	**525,953**
Deficiency claims receivable	**285,110**	**285,745**
Standby credit commitment	**3,724,548**	**2,200,316**
Others	**545**	**37,114**
	381,169,209	**352,262,635**

CHINA BANKING CORPORATION AND SUBSIDIARIES **ANNEX II**
CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended March 2020 and 2019
(Amounts in thousands)

		MARCH 2020	MARCH 2019
INTEREST INCOME			
Loans and receivables	P	9,171,654	8,692,990
Investment securities at amortized cost and at FVOCI		2,439,585	2,325,433
Financial Assets at FVPL		225,174	123,081
Due from BSP and other banks and SPURA		302,248	245,291
		12,138,661	11,386,795
INTEREST EXPENSES			
Deposit liabilities		3,307,884	4,987,904
Bills payable and other borrowings		903,918	470,170
		4,211,802	5,458,074
NET INTEREST INCOME		**7,926,859**	**5,928,721**
Trading and securities gain/(loss)		(166,167)	175,274
Service charges, fees and commissions		753,195	769,168
Foreign exchange gain- net		127,068	(74,252)
Income from asset acquired		76,097	81,060
Miscellaneous		359,916	343,158
TOTAL OPERATING INCOME		**9,076,967**	**7,223,128**
Compensation and fringe benefits		1,646,413	1,443,510
Taxes and licenses		1,006,008	872,845
Occupancy costs		414,927	489,606
Depreciation and amortization		478,690	442,518
Provision for impairment and credit losses		412,451	273,356
Insurance		489,311	456,836
Repairs and maintenance		37,598	37,197
Entertainment, amusement and recreation		75,224	70,721
Miscellaneous		1,692,590	987,566
TOTAL OPERATING EXPENSES		**6,253,210**	**5,074,155**
INCOME BEFORE INCOME TAX		**2,823,757**	**2,148,973**
PROVISION FOR INCOME TAX		603,800	288,554
NET INCOME	**P**	**2,219,957**	**1,860,420**
Attributable to:			
Equity holders of the parent		**2,217,402**	**1,858,283**
Non-controlling Interest		2,555	2,136
	P	**2,219,957**	**1,860,420**
Earnings Per Share			
a. Basic		0.83	0.69
b. Diluted *		0.83	0.69
Net Income		2,217,402	1,858,283
Weighted Ave. Number of Common Shares Outstanding		2,685,900	2,685,900

* Same as basic earnings per share. No preferred shares, convertible bonds and stock warrants issued.

CHINA BANKING CORPORATION **ANNEX III**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Quarters Ended March 2020 and 2019

(Amounts in thousands)

	MARCH 2020	MARCH 2019
Net Income	2,219,957	1,860,420
Other Comprehensive Income (Loss):		
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on financial assets at FVOCI		
Fair value gain(loss) for the year, net of tax	(1,017,054)	425,171
Gains taken to profit or loss	(47,492)	(12,384)
Share in Other Comprehensive Income of Associate:		
Net Unrealized Gain on financial assets at FVOCI	1,044	-
Gain (loss) on Cash Flow Hedge	(524,858)	-
Cumulative translation adjustment	1,715	91,467
Items that do not recycle to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit asset or liability	(3,332)	(102,768)
Remeasurement loss on life insurance reserves	(887)	-
Other Comprehensive Income for the year	(1,590,865)	401,485
Total Comprehensive Income for the year	629,092	2,261,905
Total comprehensive income attributable to:		
Equity holders of the Parent Company	625,450	2,257,952
Non-controlling Interest	3,642	3,953
	629,092	2,261,905

CHINA BANKING CORPORATION **ANNEX IV**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands)

	Capital Stock	Capital Paid in Excess of Par Value	Stock dividend Distributable	Surplus Reserves	Surplus Free	Net unrealized gains (losses) on FVOCI	Remeasurement gain on defined benefit asset or liability	Remeasurement on life insurance reserve of an associate	Cash Flow Hedge Reserve	Cumulative Translation Adjustment	Total	Minority Interest	Total Equity
Balance at December 31, 2019	**26,858,998**	**17,122,626**	**-**	**3,598,275**	**48,558,760**	**417,576**	**(368,531)**	**20,655**	**(51,949)**	**6,835**	**96,163,244**	**12,351**	**96,175,595**
Total comprehensive income for the year				**-**	**2,217,402**	**(1,064,559)**	**(3,332)**	**(887)**	**(524,858)**	**1,684**	**625,450**	**3,642**	**629,092**
Retained Earnings, appropriated				**57,104**	**(57,104)**	**-**	**-**	**-**		**-**	**-**	**-**	**-**
Balance at March 31, 2020	**26,858,998**	**17,122,626**	**-**	**3,655,379**	**50,719,058**	**(646,983)**	**(371,863)**	**19,767**	**(576,807)**	**8,518**	**96,788,694**	**15,993**	**96,804,687**
Balance at December 31, 2018	26,858,998	17,122,626		4,031,008	40,497,256	(702,509)	117,047	19,154		(91,699)	87,851,881	4,708	87,856,589
Total comprehensive income for the year					1,858,283	410,946	(102,424)			91,147	2,257,952	3,953	2,261,905
Retained Earnings, appropriated				(195,085)	195,085						-		-
Other adjustments					115,827						115,827		115,827
Balance at March 31, 2019	**26,858,998**	**17,122,626**	**-**	**3,835,923**	**42,666,451**	**(291,563)**	**14,623**	**19,154**		**(552)**	**90,225,660**	**8,661**	**90,234,321**

CHINA BANKING CORPORATION **ANNEX V**
STATEMENTS OF CASH FLOWS
For the periods ended

		MARCH 2020		MARCH 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P	2,823,757	P	2,148,973
Adjustment to reconcile income before income tax to net cash provided operations:				
Provision for impairment and credit losses		412,451		273,356
Depreciation and amortization		478,690		320,035
Trading Gain/Loss on FVOCI		(1,064,559)		410,946
Income from assets acquired		(76,097)		(81,060)
Operating income before changes in operating assets and liabilities		**2,574,242**		**3,072,250**
Changes in operating assets and liabilities:				
Decrease (increase) in the amounts of:				
Financial assets at FVPL		11,800,512		(1,027,830)
Loans and receivables		(15,238,332)		(2,077,221)
Other assets		452,743		408,433
Increase (decrease) in the amounts of:				
Deposit liabilities		9,161,215		(1,904,763)
Manager's checks		(667,130)		(12,283)
Accrued interest and other expenses		859,667		443,337
Other liabilities		546,430		1,570,992
Net cash provided by operations		**9,489,346**		**472,915**
Income taxes paid		(381,637)		(283,958)
Net cash provided by operating activities		**9,107,709**		**188,957**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net additions to bank premises, furniture, fixtures and equipment		(326,407)		(2,591,887)
Proceeds from sale of investment properties		35,555		38,636
Adjustment of minority interest		1,087		1,817
Additional investment of an associate		-		(40,000)
Decrease (increase) in equity investments		(40,586)		(32,375)
Decrease (increase) in the amounts of:				
Financial Assets at FVOCI		(36,715,579)		(3,289,257)
Investments at Amortized Cost		(5,037,195)		(20,580,409)
Net cash provided by (used in) investing activities		**(42,083,124)**		**(26,493,475)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bills payable		11,096,283		24,224,849
Bonds Payable		47,916		-
Cash Flow Hedge Reserve		(524,858)		
Net cash provided by financing activities		**10,619,341**		**24,224,849**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(22,356,074)**		**(2,079,669)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items		16,839,755		15,639,474
Due from Bangko Sentral ng Pilipinas		100,174,398		101,889,773
Due from Other banks		9,900,642		9,455,447
Interbank loans receivable and securities purchased under resale agreements		17,036,460		11,998,040
		143,951,255		**138,982,734**
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items		14,537,632		11,219,548
Due from Bangko Sentral ng Pilipinas		78,277,751		116,357,825
Due from Other banks		24,628,705		9,325,693
Interbank loans receivable and securities purchased under resale agreements		4,151,094		
	P	**121,595,182**	P	**136,903,066**
Balance at beginning of year		70,775,804		39,826,532
Cash flows during the year				
Proceeds	48,020,611		127,735,330	
Settlement	(36,897,076)	11,123,535	(114,234,806)	13,500,524
Non−cash changes				
Foreign exchange movement	(20,528)		(4,236,058)	
Amortization of transaction cost	41,192	20,664	14,960,383	10,724,325
Balance as of March 31		**81,920,003**		**64,051,381**

China Banking Corporation
Aging of Loans and Receivables
MARCH 31, 2020

ANNEX VI

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	Total	Current	90 days or less	91 to 180 days	181 days to 1 year	More than 1 year	Total Past Due	Items in Litigation
Loans and Receivables	**592,294,182**	561,843,240	6,950,873	2,194,696	2,184,466	3,324,946	**14,654,982**	1,022,199
Less: Allow for Probable Losses & Unamotized Discount	8,549,136							
Net Loans and Receivables	**583,745,046**							
Accounts Receivables	**2,534,705**	**1,081,693**	1,288,338	82,912	15,364	124,142	**1,510,758**	347,032
Less:Allowance for Probable Losses	(341,711)							
Net Accounts Receivables	**2,876,416**							
Accrued Interest Receivables	**6,562,063**	6,562,063						
Less:Allowance for Probable Losses	277,164							
Net Accrued Interest Receivables	**6,284,899**							

CHINA BANKING CORPORATION **ANNEX VII**

PROFITABILITY REPORT BY BUSINESS SEGMENT

Segment Report

China Bank's operating businesses are recognized and managed separately according to the nature of services provided and the markets served, with each segment representing a strategic business unit. The Bank's business segments are as follows:

a. Lending Business - principally handles all the lending, trade finance and corollary banking products and services offered to corporate and institutional customers as well as selected middle market clients. It also handles home loans, contract-to-sell receivables auto loans and credit cards for individual and/or corporate customers. Aside from the lending business, it also provides cash management services and remittance transactions;

b. Retail Banking Business - principally handles retail and commercial loans, individual and corporate deposits, overdrafts and funds transfer facilities, trade facilities and all other services for retail customers;

c. Financial Markets - principally provides money market, trading and treasury services, manages the Bank's funding operations through the use of government securities, placements and acceptances with other banks as well as offers advisory and capital-raising services to corporate clients and wealth management services to high net-worth customers; and

d. Others – handles other services including but not limited to trust and investment management services, asset management, insurance brokerage, credit management, thrift banking business, operations and financial control, and other support services.

The Bank reports its primary segment information on the basis of the above-mentioned segments.

Segment assets are those operating assets that are employed by a segment in its operating activities that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net as management primarily relies on the net interest income as a measure of performance, instead of gross income and expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool of funds rate which approximates the marginal cost of funds.

Other operating income mainly consists of trading and securities gain (loss) - net, service charges, fees and commissions, trust fee income and foreign exchange gain - net. Other operating expense mainly consists of compensation and fringe benefits, provision for impairment and credit losses, taxes and licenses, occupancy, depreciation and amortization, stationery, supplies and postage and insurance. Other operating income and expense are allocated between segments based on equitable sharing arrangements.

The Bank has no significant customers which contribute 10% or more of the consolidated revenues.

The Bank's asset-producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is not presented.

The following tables present relevant information regarding business segments as of March 31, 2020:

CHINABANK

PROFITABILITY REPORT BY BUSINESS SEGMENT
FOR THE PERIOD ENDING MARCH 31, 2020
CONSOLIDATED
(Amounts in thousands of Pesos)

	LENDING BUSINESS	RETAIL BANKING BUSINESS	FINANCIAL MARKETS	OTHER BUSINESS & SUPPORT UNITS	BANKWIDE
Net interest income	6,580,311	(684,623)	928,053	1,103,118	7,926,859
Third Party Intersegment	(4,537,698)	4,519,553	86,251	(68,107)	-
Net Interest Income after Intersegment Transactions	2,042,613	3,834,930	1,014,305	1,035,012	7,926,859
Other Operating Income	213,388	662,557	(59,996)	334,160	1,150,108
Total Revenue	2,256,000	4,497,486	954,309	1,369,172	9,076,967
Other Operating expense	(1,025,830)	(3,028,419)	(475,083)	(1,723,878)	(6,253,210)
Income before income tax	1,230,170	1,469,067	479,226	(354,707)	2,823,757
Income tax provision	(34,055)	(108,299)	(371,114)	(90,332)	(603,800)
Net Income	1,196,115	1,360,768	108,112	(445,039)	2,219,957
Total Assets	448,545,048	503,782,554	258,134,335	(226,237,205)	984,224,732
Total Liabilities	4,504,880	569,039,105	137,122,756	176,753,305	887,420,046
Depreciation & Amortization	34,833	272,513	45,704	125,640	478,690
Provision for impairment and credit losses	178,361	170,594	(37,110)	100,606	412,451
Capital Expenditures	10,535	12,448	892	55,869	79,744

ANNEX VIII

Financial Soundness Indicators

PROFITABILITY (%)	***Jan – Mar 2020***	*Jan – Mar 2019*
Return on Assets	**0.92**	0.85
Return on Equity	**9.15**	8.38
Net Interest Margin	**3.82**	3.32
Cost-to-income ratio	**64**	66
LIQUIDITY (%)	***Mar 2020***	*Dec 2019*
Liquid Assets to Total Assets	**37**	37
Loans to Deposit Ratio	**74**	73
ASSET QUALITY (%)	***Mar 2020***	*Dec 2019*
Gross Non-Performing Loans Ratio	**1.7**	1.5
Non-performing Loan (NPL) Cover	**109**	129
SOLVENCY	***Mar 2020***	*Dec 2019*
Debt-to-Equity Ratio	**9.2**	9.0
Asset-to-Equity Ratio	**10.2**	10.0
Interest Coverage Ratio	**1.7**	1.4*
CAPITAL ADEQUACY (%)	***Mar 2020***	*Dec 2019*
CET 1 / Tier 1 Ratio	**12.14**	12.76
Total CAR	**13.02**	13.67

**for Jan-Mar 2019*

Definition of Ratios

Profitability Ratios:

Return on Assets	-	Net Income after Income Tax / Average Total Assets
Return on Equity	-	Net Income after Income Tax / Average Total Equity
Net Interest Margin	-	Net Interest Income / Average Interest Earning Assets
Cost-to-Income Ratio	-	Operating Expenses excl Provision for Impairment & Credit Losses / Total Operating Income

Liquidity Ratios:

Liquid Assets to Total Assets	-	Total Liquid Assets / Total Assets
Loans to Deposit Ratio	-	Loans (Net) / Deposit Liabilities

Asset Quality Ratios:

Gross NPL Ratio	-	Gross Non-Performing Loans / Gross Loans
Non-Performing Loan (NPL) Cover	-	Total Allowance for Impairment & Credit Losses on Receivables from Customers plus Retained Earnings Appropriated for Gen. Loan Loss Provision / Gross Non-Performing Loans

Solvency Ratios:

Debt-to-Equity Ratio	-	Total Liabilities / Total Equity
Asset-to-Equity Ratio	-	Total Assets / Total Equity
Interest Coverage Ratio	-	Net Income Before Tax and Interest Expense / Interest Expense

Capital Adequacy Ratio:

Capital to Risk Assets Ratio	-	BSP prescribed formula:
CET 1/Tier 1 CAR	-	CET 1 / Tier 1 Capital / Total Risk Weighted Assets
Total CAR	-	Total Qualifying Capital / Total Risk Weighted Assets

ANNEX IX

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation (Including Subsidiaries)

Financial Highlights (Consolidated)

In Million Pesos	***Jan – Mar 2020***	*Jan – Mar 2019*
Gross Revenues	**13,289**	12,681
Gross Expenses	**11,069**	10,821
Net Income	**2,220**	1,860

In Million Pesos	***Mar 2020***	*Dec 2019*
Total Resources	**984,225**	962,226
Loan Portfolio (Net)	**583,745**	568,919
Total Deposits	**784,589**	775,428
Equity	**96,805**	96,176

Key Performance Indicators

PROFITABILITY (%)	***Jan – Mar 2020***	*Jan – Mar 2019*
Return on Assets	**0.92**	0.85
Return on Equity	**9.15**	8.38
Net Interest Margin	**3.82**	3.32
Cost-to-income ratio	**64**	66
LIQUIDITY (%)	***Mar 2020***	*Dec 2019*
Liquid Assets to Total Assets	**37**	37
Loans to Deposit Ratio	**74**	73
ASSET QUALITY (%)	***Mar 2020***	*Dec 2019*
Gross Non-Performing Loans Ratio	**1.7**	1.5
Non-performing Loan (NPL) Cover	**109**	129
SOLVENCY	***Mar 2020***	*Dec 2019*
Debt-to-Equity Ratio	**9.2**	9.0
Asset-to-Equity Ratio	**10.2**	10.0
Interest Coverage Ratio	**1.7**	1.4*
CAPITAL ADEQUACY (%)	***Mar 2020***	*Dec 2019*
CET 1 / Tier 1 Ratio	**12.14**	12.76
Total CAR	**13.02**	13.67

**for Jan-Mar 2019*

Economic Environment

Global economic activity dramatically weakened during the first quarter of the year as the containment measures to address the pandemic restricted the movement of people and commerce. As an early response against the foreseen economic fallout, the US Fed slashed policy rates to near-zero levels (0.00% to 0.25%) and rolled out an unlimited bond-buying program in March. In spite of this, US GDP still contracted by 4.8% in the first quarter mainly due to the pronounced slowdown in personal consumption, investments, and trade. China, on the other hand, recorded its first contraction since 1992 at 6.8%, following large-scale factory shutdowns and community quarantines. As economies slowed down, oil prices collapsed on weaker demand and even plunged to the negative territory in April despite the record deal to cut oil supply by 10%.

On the domestic front, the Philippine economy slightly shrank by 0.2%, substantially lower than market expectations, mainly due the impact of the Enhanced Community Quarantine (ECQ) in Luzon which accounts for more than 70% of GDP. The temporary stoppage of non-essential business operations led to a notable deceleration in household consumption which only inched up by 0.2% vis-à-vis the 5% to 6% average growth pace in 2019. Capital formation also declined by 18.3% as infrastructure spending stalled.

To mitigate the impact of the abrupt economic slowdown, the *Bayanihan to Heal as One Act* (*Bayanihan Act*) was signed into law last March 25, which allowed the President to realign funds into severely affected sectors. According to the latest report by the Department of Finance, the combined value of the government's fiscal and monetary war chest against COVID-19 has reached P1.45 trillion or 7.8% of GDP, including the P205-billion subsidy program for 18 million low-income families under the *Bayanihan Act* and the additional liquidity of P520 billion from BSP's planned purchases of government securities and lower interest rates & reserve requirements. The BSP Monetary Board slashed policy rates by 125 bps to 2.75% and cut the RR by 200 bps to 12%.

The combined assets of the UK/B & TB industries expanded 8.9% year-on-year to P18.3 trillion in March. Loans (+11.0%) and deposits (+10.2%) growth recovered, which brought the loans-to-deposit ratio to 74%. Gross NPL ratio went up to 2.24%, while NPL cover declined to 87%. The UK/B industry remained well-capitalized with total CAR ratios of 15.37% (solo) and 16.04% (conso) in Dec 2019, which were above the regulatory minimum.

Results of Operation

Analysis of Consolidated Statements of Income
For the period ended March 31, 2020 (unaudited) and March 31, 2019 (unaudited)

The Bank recorded a 19.3% hike in **net income** to P2.2 billion for the first quarter of 2020 from the P1.9 billion posted in the same period last year driven by sustained growth of its core businesses. **Return on equity** was recorded at 9.15%, while **return on assets** was at 0.92%.

Total interest income increased 6.6% to P12.1 billion from P11.4 billion. **Interest income from loans and receivables** was up 5.5% to P9.2 billion from P8.7 billion from the year-on-year expansion in loan portfolio. **Interest income from financial assets at FVPL** recorded an 82.9% increase to P225.2 million from the build-up in securities holdings. Furthermore, **interest income from due from BSP and other banks and SPURA** was 23.2% higher at P302.2 million because of the growth in placements with correspondent banks.

Total interest expense amounted to P4.2 billion, P1.2 billion or 22.8% lower than last year as **interest expenses on deposit liabilities** decreased 33.7% to P3.3 billion due to lower cost of funds for the quarter. Meanwhile, **interest expenses on bills payable and other borrowings** was P433.7 million higher due to volume-related growth and PFRS-16 related adjustments.

Net interest income for the quarter jumped 33.7% to P7.9 billion. The Bank's **net interest margin** improved to 3.82% from 3.32% due to the growth in earning assets, as well as lower funding costs.

Provision for impairment and credit losses totaled P412.5 million, 50.9% more as the Bank reassessed its provisioning in view of the possible impact of the COVID-19 pandemic and the Luzon-wide ECQ.

Total **non-interest income** decreased 11.1% to P1.2 billion mainly from the P166.2 million **trading and securities loss** during the quarter due to weaker market conditions and lower trading opportunities amid the global pandemic. **Income from assets acquired** dropped 6.1% to P76.1 million because of smaller sales volume of foreclosed properties. Meanwhile, **foreign exchange gain** grew by P201.3 million to P127.1 million from P74.3 million loss given the favorable environment in the Peso-Dollar exchange.

Operating expenses surged 21.7% to P5.84 billion from higher manpower, marketing- and information technology-related expenses. **Compensation and fringe benefits** increased 14.1% to P1.6 billion from the increase in human resource complement and accrual of salary increases. **Taxes and licenses** were up 15.3% to P1.0 billion due to higher gross receipts, documentary stamp, and volume-related taxes. **Occupancy costs** fell 15.3% to P414.9 million due to PFRS-16 related adjustments. **Insurance**, which includes PDIC premium payments, recorded a 7.1% increase with the upward swing in deposits. **Depreciation and amortization** was 8.2% higher at P478.7 million due to continued investments in business expansion and technology platform upgrades, as well as PFRS-16 related adjustments. **Entertainment, amusement and recreation** increased 6.4% to P75.2 million from the accrual of marketing-related expenses. Meanwhile, **miscellaneous expenses** rose by 71.4% to P1.7 billion primarily from higher information technology-related expenses and provision for additional costs related to the Luzon-wide ECQ, among others.

Financial Condition

Analysis of Consolidated Statement of Financial Condition
As of March 31, 2020 (unaudited) and December 31, 2019 (audited)

Total assets recorded a P22.0 billion increase to P984.2 billion.

Cash and other cash items fell 13.7% to P14.5 billion due to the leveling-off of cash-in-vault from its usual year-end build-up. **Due from *Bangko Sentral ng Pilipinas*** was 21.9% lower to P78.3 billion due to the reduction in reserve requirement by the end of March, as well as the smaller overnight placements with the BSP. **Interbank loans receivable and securities purchased under resale agreements** also dropped by 75.6% to P4.2 billion with lower placements with correspondent banks. Meanwhile, **due from other banks** increased by P14.7 billion to P24.6 billion with the growth in deposits with other banks.

Total investment securities amounted to P242.8 billion, up 14.1%. The build-up in securities volume raised the portfolio of **financial assets at fair value through other comprehensive income (FVOCI)** by P36.7 billion or 140.5% to P62.8 billion. **Financial assets at fair value through profit or loss (FVPL)** posted an P11.8 billion or 63.8% decrease to P6.7 billion due to lower volume of fixed income assets. The Bank's securities portfolio accounted for 25% of assets, higher than 22% at 2019-end.

Net loans stood at P583.7 billion, up P14.8 billion from the growth in demand across all customers segments.

Accrued interest receivable amounted to P6.3 billion, down 12.2% from the drop in interbank loans ad SPURA and FVPL securities. **Investment in associates** increased 5.8% to P744.8 million from higher income contribution of the Bank's affiliate, MCBLife. **Other assets** increased by P513.4 million or 7.5% mainly from higher accounts receivables.

Total deposits ended at P784.6 billion, of which demand and savings deposits totaled P409.4 billion. **Bills payable** increased by 33.2% to P44.5 billion with the growth in interbank borrowings. **Manager's checks** declined 33.4% to P1.3 billion because of lower demand from branch customers. **Income tax payable** increased to P864.6 million due to higher income subject to regular corporate income tax for the period. **Accrued interest and other expenses** were 20.9% larger at P5.0 billion from the booking of accruals and payroll expenses. Higher volume of currency swaps resulted increases in **derivative liabilities** and **derivative liabilities designated as hedges** by P411.3 million and P524.9 million, respectively.

Total equity reached P96.8 billion and was driven by the 4.4% increase in **surplus**. **Net unrealized loss on FVOCI** amounted to P647.0 million from a gain of P417.6 million because of the mark-to-market revaluation of the Bank's FVOCI securities. **Cumulative translation adjustment** improved 24.6% to P8.5 million due to exchange rate difference arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency.

The Bank's **Common Equity Tier 1 (CET 1 / Tier 1) ratio** and **total CAR** were computed at 12.14% and 13.02%, respectively; well above the minimum regulatory requirement.

Total Comprehensive Income
For the period ended March 31, 2020 and March 31, 2019

The Bank recorded **total comprehensive income** of P629.1 million in the first quarter, a P1.6 billion drop from the P2.3 billion recorded in the same period last year mainly from the P1.1 billion net unrealized loss on FVOCI.

Key Performance Indicators

Profitability

The Bank posted a net income of P2.2 billion resulting in 9.15% ROE and 0.92% ROA. Cost-to-income ratio improved to 64% from 66% even as the Bank continued to invest in technology upgrades and human resource development. Net interest margin improved to 3.82% from 3.32% due to the increase in earning assets and lower cost of funds.

Liquidity

The ratio of liquid assets to total assets remained steady at 37%.

Asset Quality

Gross NPL ratio slightly increased to 1.7% from 1.5% as of 2019-end. Consolidated NPL cover was at 109% with the Parent's settling at 159%

Solvency Ratios

Debt-to-equity ratio was recorded at 9.2 versus 9.0; asset-to-equity ratio was at 10.2 from 10.0. Interest coverage ratio for the period stood at 1.7 as against 1.4 in 1Q 2019.

Capitalization

China Bank's CET 1 / Tier 1 CAR and total CAR ratios were computed at 12.14% and 13.02%, respectively. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

Corporate Developments

The year 2020 marks the 100th anniversary of China Bank. With the theme "Celebrating the Past, Embracing the Future", China Bank commemorates this important milestone by preserving its legacy while moving forward to better serve its stakeholders.

The Bank kicked off its celebration with the restoration and retrofitting of the Binondo Business Center which, when completed, will be marked as a heritage site. The new building will house the China Bank Museum which will be accompanied by a mobile app for alternative access by the public. On the digital space and social media, the Bank released its centennial ad that tells the story of China Bank's founding and how its core values remain despite the changing times. The Bank also joined the Chinese New Year motorcade around Chinatown and launched two deposit promos. Other activities are lined-up for the centennial celebration, including merchandising, events, and the publishing of an updated coffee table book.

Amid the outbreak of the 2019 Corona Virus Disease (COVID-19) and the implementation of ECQ throughout Luzon, China Bank has braved the frontlines to continue providing customers and other stakeholders with vital financial & banking services, while ensuring a safe working environment for its employees.

Aside from adopting the *Bayanihan Act*, which, among others, mandates a nationwide 30-day moratorium on loan payments, the Bank also implemented measures to protect the interests of its stakeholders, including paying employees' salaries in full during the ECQ, establishing work-from-home setups, providing employees with temporary accommodation and transportation arrangements, giving financial assistance to agency personnel, waiving certain fees including inter-bank fund transfers via InstaPay and PesoNet, ensuring the availability of digital banking channels, and increasing ATM withdrawal limits.

In spite of the health crisis, the Bank has continued to move forward on its digital banking initiatives. In April, the Board of Directors appointed Manuel Tagaza as the Head of the Digital Banking Group. In 2019, the Bank engaged tech giant Microsoft for digital advisory service and development of the Bank's digital transformation strategy.

Subsidiaries

The Bank's subsidiaries include China Bank Insurance Brokers, Inc., CBC Properties and Computer Center, Inc., China Bank Savings, Inc., and China Bank Capital Corporation. These subsidiaries comprised about 10% of the total consolidated resources.

- **China Bank Insurance Brokers, Inc. and CBC Properties & Computer Center, Inc.**

(In Mn Pesos)	***Jan-Mar '20***	*Jan-Dec '19*	*Jan-Mar '19*
Net Income	31	87	16
Total Assets	460	591	758

- **China Bank Savings, Inc. (CBS)**

(In Mn Pesos)	***Jan-Mar '20***	*Jan-Dec '19*	*Jan-Mar '19*
Net Income	149	370	97
Total Assets	94,791	102,686	95,512

- **China Bank Capital Corporation**

(In Mn Pesos)	***Jan-Mar '20***	*Jan-Dec '19*	*Jan-Mar '19*
Net Income	11	342	55
Total Assets	2,406	2,429	2,090